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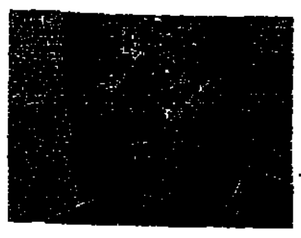

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The model of a modern Moslem state
TOMORROW

World Business Newspaper http://www.FT.com FRIDAY APRIL 25 1997

Brussels to get wider powers on monopolies

A substantial reform of EU anti-monopoly rules is on the cards after Britain dropped its objections to giving the European Commission greater powers to vet cross-border mergers. The changes will speed regulatory procedures for companies involved in cross-border mergers. The Commission can block or place conditions on mergers that damage competition inside the single market but, at the moment, companies have to seek approval from competition authorities in the member states involved. Page 16

Albanian bank chief out: Albanian president Sali Berisha has removed the governor of the Bank of Albania, the highly respected Kristaq Luniku, who warned the government of the danger posed by the growth of fraudulent pyramid finance schemes. He has been replaced by Mr Qamil Tusha, deputy director of the country's National Commercial Bank.

Iraq 'hiding biological weapons': Iraq has still not disclosed the full extent of its secret weapons programme and there would be "heavy risks in lifting sanctions while the present regime is in power", according to the latest UN inspection team to visit the country. Page 4

Russian reformer made energy minister

Boris Nemtsov (left) Russia's reformist first deputy prime minister, has also been made minister of fuel and energy. His appointment is a further sign of the growing power of young, market-oriented politicians brought into government by President Boris Yeltsin. Page 2

EU challenge to Argentina: The European Union has filed a formal complaint against Argentina at the World Trade Organisation, claiming that customs duties and labelling regulations affecting imports of footwear and textiles breach international fair trade rules. Page 5

Japan to allow organ transplants: The lower house of the Japanese parliament approved a bill to give legal recognition to the principle of brain death, lifting what was in effect a ban on organ transplants unique in the developed world. Page 6

Doubts over Juppé's future: A close aide to President Jacques Chirac suggested the French left should cease personalising its attacks on Alain Juppé, the prime minister, because the president might name "a new team" if the coalition retained power. Page 3

Ukraine to set currency trading band: Ukraine will today unveil a 10 per cent trading band for its currency, the hryvnia, after agreeing a compromise with the International Monetary Fund on a crucial three-year loan. Page 3

Turkish government under threat: Turkish financial markets fell heavily in the first day of trading after a week-long public holiday amid fears that the Islamist-led government was about to collapse under intense military pressure. Page 3

Rush to sign Burma deals: US companies signed more investment deals with Burma in February than in the whole of the past eight years - $300m worth - as they dashed to conclude talks before President Bill Clinton banned new US investment there. Page 16

N Korea sets talks conditions: North Korea indicated it would only join peace talks with South Korea after several conditions were fulfilled including food aid, US diplomatic recognition and an easing of trade sanctions. Seoul rejected the proposals. Page 16

Across the great divide: The first ship to sail directly from Taiwan to communist China in nearly half a century is due to arrive in the port of Xiamen on the south-eastern coast of China today. Page 5

International Business Machines led a rally in US high tech stocks yesterday, following its higher than expected first quarter earnings report. Page 17

ICI's status as one of Europe's leading chemical companies took a further knock as it unveiled a sharp fall in profits. Page 17

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■ **STOCK MARKET INDICES**

New York lunchtime		
Dow Jones Ind Av	6,803.9	(-9.63)
NASDAQ Composite	1,232.06	(+4.92)
Europe and Far East		
CAC40	2,539.83	(+6.19)
DAX	3,397.36	(+1.41)
FTSE 100	4,368.5	(+0.8)
Nikkei	18,698.07	(-37.40)

■ **US LUNCHTIME RATES**

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.311%
Long Bond	93⅞
Yield	7.117%

■ **OTHER RATES**

UK: 3-mo Interbank	6$\frac{15}{32}$%	(6$\frac{15}{32}$%)
UK: 10 yr Gilt	97$\frac{7}{32}$	(97$\frac{7}{32}$)
France: 10 yr OAT	97.77	(97.85)
Germany: 10 yr Bund	100.59	(101.17)
Japan: 10 yr JGB	106.015	(106.0528)

■ **NORTH SEA OIL (Argus)**

Brent Dated	$17.80	(17.42)

■ **GOLD**

New York: Comex		
Apr	$340.9	(341.5)
London:		
close	$340.95	(341.05)

■ **DOLLAR**

New York lunchtime		
£	1.6251	
DM	1.7147	
FFr	5.787	
SFr	1.48155	
Y	126.095	
London:		
£	1.6263	(1.6233)
DM	1.717	(1.7124)
FFr	5.7936	(5.778)
SFr	1.4626	(1.4613)
Y	126.115	(same)
Tokyo close:	Y 126.20	

■ **STERLING**

DM	2.7924	(2.7797)

Nomura head pledges action as profits fall

By Gillian Tett in Tokyo

The new president of Nomura, Japan's largest securities company, yesterday promised firm measures to ensure there would be no repeat of the bribery scandal which has seen many investors sever ties with the group and forced a number of directors to quit.

Mr Junichi Ujiie was speaking as the company reported a sharp fall in last-quarter trading profits on its Japanese securities business - the first indication of the business impact of the scandal.

Nomura admitted last month that two directors had bribed corporate gangsters - *sokaiya* - not to disrupt meetings.

Nomura also announced a Y243bn ($1.9bn) net loss for last year, compared with a Y49bn profit, after a Y371bn provision to cover exposure to bad loans at its ailing Japanese affiliate, Nomura Finance.

Mr Ujiie said the group needed "a really transparent organisation" with a flatter management structure.

He predicted this would soon win back investors who have deserted Nomura. "I have just been informed that some investors are considering reopening business with us," he said, although no big investment groups have yet announced their return.

The new president plans to scrap the group's senior executive committee and create a more open culture with clearer management responsibilities which will avoid the secrecy that led to the scandal.

Mr Paul Heaton of Deutsche Morgan Grenfell calculated that Nomura's pre-tax profits fell 35 per cent between the third and fourth quarters of 1996, with commissions running at Y60bn in the last quarter compared with an average of Y74bn in the first three.

"We estimate that Nomura lost some 26 per cent of the commission it would have ordinarily made in that quarter on equities, and underwriting income halved," he said.

However, this came against a steady rise in operating profits in Japan earlier in the year. Strong trading conditions in global bond markets helped push pre-tax profits for the group up 22 per cent for the year to Y165.5bn.

The group reported strong performances from the US and improvements in Europe, although it declined to provide precise details. Losses per share were Y123.65, compared with earnings of Y24.96 in the previous year.

Lex, Page 16
Nomura's new broom, Page 20

Company says extension is needed to aid refinancing

Eurotunnel demands a lease over 999 years

By Ross Tieman and Charis Gresser

Eurotunnel yesterday demanded that the British and French governments extend its 65-year exclusive concession to operate tunnels beneath the Channel to 999 years.

Mr Patrick Ponsolle, co-chairman, said the prospect of a much longer revenue stream was needed to secure investors' backing for the company's proposed £8.54bn ($13.8bn) financial restructuring.

The company's original 55-year concession, which was granted in 1986, has already received a 10-year extension from the British and French governments.

A 999-year concession would match that which was subsequently awarded to London and Continental Railways, which is building the high-speed link between the tunnel and London.

"I think an extension significantly above 10 years will be necessary to win shareholder support for our restructuring plan," Mr Ponsolle said.

Shareholder activists representing many of Eurotunnel's 700,000 investors have threatened to campaign against the deal.

Signs of shareholder unrest appear to have prompted the company to take a tougher line in the on-going talks with the British and French authorities over the extension of its concession. The new demand was spelled out yesterday, alongside details of its revised restructuring plan and preliminary results for 1996.

The main elements of the plan are identical to those unveiled last October.

But a special formula has been devised to compensate for the sharp rise in sterling since then. The precise amount of debt converted into equity will now depend upon exchange rates when the deal is completed.

In essence, some £4bn of the company's £8.54bn of debt will be converted into shares. Debtholders could end up with between 45.5 per cent and 60.6 per cent of the enlarged equity, Mr Ponsolle said.

A prospectus out next month is expected to show that if the deal goes ahead the first dividend - which had been deferred until the second decade of the next century - could be available up to 10 years earlier.

Analysts were sceptical about the benefit of extending the concession, suggesting it might provide comfort for the banks, but would offer scant benefit to shareholders.

Mr Richard Hannah of brokers UBS suggested that even if the deal were approved Eurotunnel might have to come back to shareholders for more cash to avoid insolvency.

Eurotunnel co-chairman Patrick Ponsolle Picture: Ashley Ashwood

"It is not obvious that this refinancing is a permanent solution," he said. "The picture Eurotunnel paints is much more rosy than the (trading) numbers would suggest."

Eurotunnel shareholders vote on the restructuring at an extraordinary meeting in Paris on July 10. The debt holders will be asked to back the deal in the autumn.

Directors of Eurotunnel yesterday forecast the group would break even, at the operating level, during 1997. The south tunnel, closed since a train fire last November, is to re-open on May 15. A full freight shuttle service is expected to resume in June.

Revenues from Eurostar, the train service between London and Paris and Brussels, are also expected to rise.

Lex, Page 16
Results, Page 22

Canadian PM is set to call June election

By Bernard Simon in Toronto

Mr Jean Chrétien, Canada's prime minister, is set to call a general election for June 2, setting the stage for a more volatile period in the country's politics.

His Liberal party is favoured to win a second five-year mandate. But nervousness has risen in the party in recent months, with concern over its prospects in the key provinces of Ontario and Quebec and, to a lesser extent, in Atlantic Canada - the four Atlantic coastal provinces.

The stakes are especially high in Quebec. Another strong showing by the separatist Bloc Québecois, currently the official opposition, could re-ignite a drive for independence in the French-speaking province. The party won 54 of 75 Quebec seats in the last election in 1993, with the number now standing at 50. The Liberals control 174 of 295 seats in the current House of Commons. Mr Chrétien is expected to ask the governor-general within the next few days to dissolve parliament after meeting party colleagues on Sunday.

Liberals' nervousness has been heightened by a fall in the Canadian dollar, raising the possibility that the Bank of Canada may raise interest rates during the campaign. A currency trader at Bank of Nova Scotia said the dollar, presently at 71.50 US cents, could swing by as much as 2.5 cents over the next month.

Canada

State of the parties in the House of Commons

Liberal party	174
Bloc Québecois	50
Reform party	50
New Democratic party	9
Progressive Conservative party	2
Independents	6
Vacancies	4
Total	295

The next parliament will have 301 seats

According to pollsters Angus Reid/Southam News the Liberals are backed by 41 per cent of decided voters, far ahead of other parties. However, the figure is the lowest since 1993 and many voters' commitment appears soft.

The Progressive Conservatives - or Tories - who ruled for nine years to 1993, but were left with only two MPs after the last election, hope to pick up several dozen seats in Ontario and Atlantic Canada. According to the Angus Reid poll, 18 per cent of voters favour the Tories, with 27 per cent naming them as second choice. The Tories' main weapon is their youthful leader, Mr Jean Charest. However, their success depends heavily on a poor

Continued on Page 16

IMF rejects accusations that it increases poverty

By Gerard Baker in Washington

Mr Michel Camdessus, the managing director of the International Monetary Fund, yesterday defended the multilateral lending institution from charges that its approach had forced developing countries to pursue policies that impoverished their populations.

Speaking before the IMF/World Bank spring meetings early next week, Mr Camdessus said the IMF's assistance to the world's poorest countries had been associated with rapid improvements in social conditions.

He disclosed that in 27 countries receiving enhanced structural adjustment facility loans - used to support reform programmes - average spending on education had risen 38 per cent in real terms since the start of the IMF assistance, and health spending by 50 per cent. Illiteracy rates had fallen on average 3 per cent a year, while infant mortality had declined by an average of 2 per cent a year.

"Some say our programmes of support have been at the expense of the world's poor," Mr Camdessus said, "but that is not true."

He was responding to criticism by international aid agencies that the tough fiscal and monetary policies developing countries are required to pursue to qualify for IMF loans unduly increase poverty.

Mr Camdessus said the IMF and World Bank decision on Wednesday to approve Uganda as the first country to receive a new debt relief package led by the two institutions was a historic moment that offered hope for many poor countries.

Oxfam, a leading aid agency, had criticised the timing of the release of the funds for Uganda - next April - as too slow. It said the relief should have been made available immediately.

Mr Camdessus said the spring meetings would take place in a generally positive atmosphere of robust world growth with low inflation.

The main subjects for discussion are scheduled to be the two institutions' debt relief plan and a general review of IMF quotas, which form the basis of entitlements to draw on the fund's facilities.

Mr Camdessus hoped to gain approval for an extension of the remit of the IMF's surveillance of its member countries' economies. This would enable it to promote capital account liberalisation. Only the power to promote current account liberalisation is included in its current articles of agreement.

Mr Camdessus refused to comment on speculation linking him to the job of head of the planned European Central Bank at the start of the final stage of European economic and monetary union in 1999.

Benefits 'exaggerated', Page 4

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NEWS: EUROPE

EU approves big shipyard subsidies

By Emma Tucker in Brussels

European Union industry ministers yesterday endorsed three big state aid packages to shipbuilders in Germany, Spain and Greece but insisted this was not a signal to other troubled enterprises to demand new subsidies.

"This is a mopping up of outstanding problems associated with the restructuring process," said Mr Hans Wijers, the Dutch economics minister, who chaired the Luxembourg meeting.

The aid was approved only after a long debate about the future of European shipbuilding that split the council into two camps, with the Nordic countries and Britain calling for an end to subsidies, which they believe have damaged their own efficient shipyards.

But a southern bloc of countries, led by France argued that supporting shipbuilders in the Union was not just about protecting jobs, but also about protecting a strategic industry.

To this end, France threatened to vote against the three aid packages unless the council agreed to extend by one year the existing legislative framework regulating shipbuilding in the EU. This allows a certain amount of aid to be paid automatically to yards – as much as 9 per cent of the value of a contract.

The legislation – known as the seventh framework directive – was due to expire at the end of the year and France did not want to see it replaced by a stricter regime.

Normally an OECD agreement on phasing out shipbuilding subsidies would have taken over, but the US has not ratified the agreement and is unlikely to do so soon.

In its absence Mr Karel Van Miert, the competition commissioner, favoured new, tighter rules that would apply much stricter criteria to aid used to rescue and restructure yards. He would like to apply the "one time last time" principle, similar to the rules applied to the airline industry.

He will anyway draw up proposals by the summer, in spite of yesterday's agreement to extend the existing regulations until the end of 1998.

Yesterday he again berated the US – which has been highly critical of the use of state subsidies in Europe's shipbuilding industry – for failing to ratify the OECD agreement.

"If the Americans ratify the OECD agreement we will abide by that," he said.

The aid packages agreed by a qualified majority yesterday concerned yards in Germany, Greece and Spain whose requests for aid exceeded the terms of the seventh directive.

In the German case, aid of DM1bn ($580m) will replace funds illegally diverted from two east German shipyards by Bremer Vulkan, the parent company.

In the Greek and Spanish cases the aid would cover interest payments paid by the shipyards on loans they were forced to take out when previously planned aid was not granted.

Emu rears head in Italian local polls

Robert Graham reports on an important test for Romano Prodi's government

The risk of Italy being excluded from the first group of entrants to the European single currency has injected a new element into the country's key local elections on Sunday.

The rightwing opposition has seized on the issue in the final stages of the campaign as a means of discrediting the centre-left government. Mr Romano Prodi's administration has staked its prestige on Italy being in the first wave of countries joining monetary union. It even introduced a special Euro-tax in this year's budget to help reduce the deficit in order to meet the qualification criteria.

Sunday's poll, involving almost a fifth of the electorate, will thus provide a crucial indicator of the government's popularity after 11 months in office. The Olive Tree coalition government is braced for some loss of support as evidenced by opinion polls.

A total of 9.4m voters are involved, electing mayors and councillors in 1,115 city and town councils. Of the latter, 104 contain more than 15,000 inhabitants and the majority are in the north or centre of the country, the most important being Milan and Turin. The administrations of six regions – Gorizia, Lucca, Mantua, Pavia, Ravenna and Viterbo – will also be renewed.

Traditionally, voters in local elections have followed very closely the trend in national politics. But this could change this time because they are the first test of a new system introduced four years ago under which mayors are directly elected. Proportional representation has also been dropped in favour of a first-past-the-post system, with a second round of voting in the absence of a clear majority.

At the same time, the winning party or group of parties automatically acquires a clear working majority of council seats. The aim is to eliminate chronically unstable political alliances that have undermined, in particular, the administration of the larger cities, and to make mayors more accountable.

Four years ago, the centre-left swept the bulk of the important city halls; while in the north, the populist Northern League scored some important successes. Next Sunday, the parties will be keenly watching whether purely local records of good and bad government will determine voter allegiance. This is especially so in the case of the League, led by Mr Umberto Bossi, who has been championing northern separatism. The League has not distinguished itself in local government, even in its flagship city of Milan. If League voters desert, they are likely to go to the rightwing camp, led by the former premier Mr Silvio Berlusconi.

However, the elections have exposed the organisational weakness at local level of Mr Berlusconi's Forza Italia. He himself has also encountered difficulty in persuading candidates to stand for the time-consuming job of mayor in many cities. The reluctance to step into the fray underlines Forza Italia's lack of political identity and the absence of an effective infrastructure.

Those with most at stake are in the Party of the Democratic Left (PDS), which is the dominant partner in government. The PDS needs to hold on to its vote and avoid desertions to the left, joining the hardliners in Reconstructed Communism (RC).

If the RC shows a strong performance this will strengthen its hand in bargaining with the government and enormously complicate moves to put Italy's public accounts in order. Equally, if votes slip away from the centre-left to the opposition, it will be a signal Italians fear being left behind by the European train.

UK computer experts log on in Europe

By Graham Bowley in Frankfurt

Lured by big salaries and the European lifestyle, British computer programmers are flooding over to the Continent to help banks and companies desperate to catch up in the computer revolution, and to prepare for monetary union and the millennium.

Faced by inflexible working practices and inferior skills in the domestic workforce, banks and companies in Germany and France have turned to young British technicians, who are cashing in with lucrative salaries as high as £2,000 ($3,200) a week.

Some companies on the Continent are "a year behind in applying the new technologies", according to one computer consultant in Frankfurt.

A headhunter in Frankfurt said: "We call programmers in London to ask if they can come out to do things as simple as put companies on the Internet, and they are shocked they are so far behind here."

Knowledge of new, fast-growing computer languages such as Java, and experience of database programming, the Internet and of e-mail are in high demand, headhunters say.

In Paris and Frankfurt (proposed home of the new European central bank) the race is on to make banks ready to handle the new single currency when it is introduced, scheduled for 1999.

Banks are caught up in an intense battle between London, Paris and Frankfurt to be the pre-eminent financial centre in the new monetary union. Banks and companies are also seeking solutions to the millennium problem – the inability of computer programmes to handle dates after December 31 1999.

As a result, the bars and restaurants of cities like Frankfurt are buzzing with British voices, and to a lesser extent Irish and American ones.

The programmers come on short-term contracts, offering specialist knowledge, in sharp contrast to their full-time French and German counterparts, who offer more general but more limited skills.

"German companies are slowly warming to the concept of part-time workers who come in for three months to do a special job and then leave," said one consultant. Eurosoft, a computer services company with headquarters in Frankfurt, has about 230 freelance consultants working throughout Germany. It places some 30 new consultants each month.

"We need people who are English-speakers because of the environment we are working in here," said one manager at a large company in Frankfurt which at present employs five computer programmers on short-term contracts.

"The benefit of having temporary specialists is that we are buying in specific skills just for a short time without carrying the cost of retraining," he said.

"Also, we can be flexible and do not need to take them on contracts which go beyond the introduction of the single currency in 1999, when we are not sure of our plans."

However, the strong demand has led to shortages, headhunters say, a situation which has been exacerbated by the pound's rapid ascent since last summer. Sterling's 18 per cent rise since last August has eroded the large premium programmers could earn on the Continent, persuading many to stay in London, where demand is also booming.

"We can't find British programmers for love or money. Because the pound is so strong they would rather stay at home," said Ms Bettina Starkmann, a manager at Eurosoft in Frankfurt.

Mr Mukesh Patel, a programmer from Leicester who works at a large data processing company in Frankfurt, said: "Most of the international jobs are in Germany. It is just easier to find a job here."

But, he added: "The money was attractive, at least until the D-Mark dropped and the pound began to rise."

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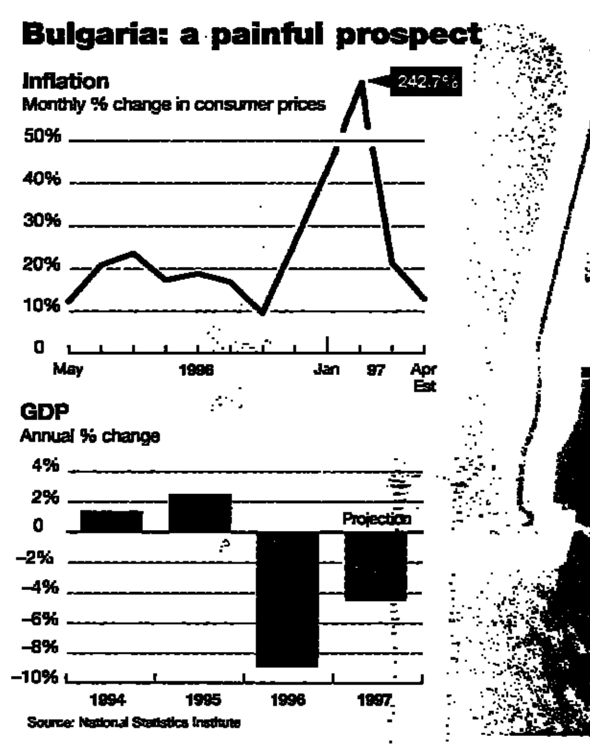


Source: National Statistics Institute


Ivan Kostov

Bulgaria plans another trip to the market

After a disastrous attempt to launch Bulgaria's transition to a market economy in the early 1990s, the conservative Union of Democratic Forces is poised to try again. Its leaders claim that following Saturday's landslide election victory they can complete within two years the structural reforms avoided by earlier governments.

With monthly inflation running at 12 per cent and gross domestic product officially projected to drop 4.5 per cent more this year after 9 per cent in 1996, there is no room for delay.

The banking system is in urgent need of restructuring, privatisation has lagged well behind other countries in eastern Europe, and the earnings of state-owned industrial companies still in business are siphoned off by shadowy Bulgarian financial groups posing as their trading partners.

"Missing this opportunity would be catastrophic for Bulgaria," says a western banker. "People have gone through hard times this winter and they have exhausted most of what were meagre reserves to begin with."

Bulgaria's prospects looked much brighter immediately after the collapse of communism than those of Albania and Macedonia, its desperately poor and unstable neighbours in the southern Balkans. As well as having few serious political disputes with other countries in the region, Bulgaria had a stronger industrial base, although it was geared to exporting almost exclusively to the Soviet Union.

But neither the UDF's inexperienced pro-market politicians nor the ex-communist Socialists, who changed little apart from their name, succeeded in building political institutions that could support reform. Bulgaria has seen seven governments come and go in as many years and leading personalities from all political parties carry a strong taint of corruption.

In the past few months, Mr Ivan Kostov, the UDF leader and prime minister-designate, has tried to transform a loose coalition of quarrelsome centrist and rightwing groups into a unified pro-market party. But critics say he will have difficulty holding the UDF together as the painful effects of change begin to be felt.

As a caretaker government in the run-up to the general election, the UDF has already made a start on reform. To crack down on widespread smuggling, which caused severe shortages over the winter, the government liberalised prices and posted troops at border crossing points to oversee the notoriously corrupt customs service.

On Monday, Mr Krasimir Angarski, the economy minister, announced the abolition of all remaining price controls except for bread, milk, cheese and salami, the staple foods in a country where the average monthly wage has fallen to $30-$40.

Mr Angarski's next task is to push through legislation setting up a currency board monetary system agreed under a $658m loan package already approved by the International Montary Fund. He says that from July 1, the lev will be pegged to either the US dollar or the D-Mark, money supply will be pinned to the level of Bulgaria's hard currency reserves, and the central bank will no longer be permitted to finance the budget deficit or the banking system.

The currency board should help restore confidence in the lev, but the real key to recovery will be rapid cash privatisation through disposals of some of Bulgaria's biggest companies to foreign investors, says Mr Alexander Boshkov, the ebullient deputy prime minister.

"Fast privatisation will block the financial resources of organised crime by taking companies out of their hands," he says. "We know that we will be accused of selling the country to foreigners, of selling companies too cheaply and of taking away people's jobs, but after so many years of delay, we must act quickly."

Mr Boshkov says the deadline for completing privatisation will be December 1998. Companies due for disposal through sales of majority stakes are: Bulgarian Telecommunications Company, the state telephone operator; Neftochim, the region's largest oil refinery; and all six state-owned banks that survived last year's crisis.

Among the 14 banks that collapsed were several set up to channel funds belonging to the shadowy holding groups. The surviving banks are starved of liquidity because foreign currency deposits have been transferred out of the country and domestic investors keep their savings at home.

Mr Boshkov says privatisation, together with the imminent closure of 64 loss-making state enterprises, will cost about 200,000 jobs. But he claims the social costs can be contained "because many people haven't been getting regular salaries anyway. We think they may welcome the chance to set up a small business with a lump sum of several hundred dollars they'll receive as a severance payment".

Kerin Hope and Theodor Troev

Iceland cashes in on its Viking gene bank

By Clive Cookson, Science Editor, in London

"For a thousand years our nation has suffered because of its isolation," says Dr Karl Stefansson, one of Iceland's leading medical specialists. "Now, at last, modern science will enable us to take advantage of our isolation."

Dr Stefansson is the leader of a group of Icelandic doctors and scientists who have raised $12m from international venture capital investors to found DeCode Genetics, the country's first biotechnology company.

DeCode will make use of the Iceland's extraordinarily homogeneous population – a direct result of its geographical isolation – to find the genes that contribute to complex diseases, including schizophrenia, cancer, diabetes and multiple sclerosis.

This genetic research will be used to develop treatments, in collaboration with international pharmaceutical groups.

Because immigration has been negligible, almost all of the 270,000 Icelanders are descended from a small number of Vikings who originally settled on the island in the 7th century.

The fact that today's population is descended from the founders' circumscribed genetic pool is a huge advantage in the scientific search for disease-causing genes.

Iceland's other advantages for genetic research include extensive genealogical records going back several centuries, a large bank of patients' tissue samples and a centralised national health service dating back to 1915.

"Genomics" companies, which use genes to discover drugs, are very fashionable with investors at the moment. But they usually start with the scientific tools for gene hunting and then look for a relevant population in which to apply the tools.

DeCode has turned the process on its head – first securing monopoly access to a particularly good population, and then setting up the computers and gene sequencing laboratories required to extract genetic information.

Dr Stefansson says the company, of which he is chief executive, has strong support from the Icelandic government, health service and people.

Although it is financed by European and American venture capital funds, Icelanders own a majority of the shares.

"The world's marginal populations, including Iceland's, are extremely upset at the prospect of foreigners coming in and exploiting their genetic resources," he says.

Fifty-two of DeCode's initial 55 employees are Icelanders. Many, including Dr Stefansson, have returned from senior medical and scientific jobs in the US and Europe to join the company.

The founders hope that DeCode will be the nucleus of an Icelandic biotechnology industry. "The country still derives a very high proportion of gross national product from fishing and it is desperate to diversify," Dr Stefansson says.

CORRECTION

Swedish deficit

The European Commission's forecast for the Swedish budget deficit in 1997 is 2.6 per cent of gross domestic product, and not 3.6 per cent as stated in yesterday's table.

EUROPEAN NEWS DIGEST

Power gain for Nemtsov

Mr Boris Nemtsov, Russia's reformist first deputy prime minister, has also been made minister of fuel and energy. His appointment is a further sign of the growing power of the young, market-oriented politicians brought into government last month by President Boris Yeltsin. It also suggests that the position of Mr Victor Chernomyrdin, the prime minister, is continuing to weaken.

Many observers believe he is engaged in a power struggle with the cabinet reformers. Handing Mr Nemtsov the fuel and energy portfolio is a particular blow for Mr Chernomyrdin, who because he once ran Gazprom, Russia's natural gas monopoly, is seen as the patron of the oil and gas lobby, and has been closely allied with its minister.

Mr Yeltsin underscored the apparent shift in power with a call on radio yesterday for more young people to be brought into government: "I am convinced we should more boldly promote more young people to responsible positions of leadership." Later addressing himself a direct reference to Mr Chernomyrdin, he added: "It is simply that we are afraid of promoting young people. Yes, we are afraid, Victor Stepanovich. Don't worry, they will not aim to unseat you. They are too busy to engage in intrigues, to whisper in ears, to spend their time in bureaucratic infighting". *Chrystia Freeland, Moscow*

Clabecq workers reject offer

Workers at bankrupt Belgian steelmaker Forges de Clabecq yesterday rejected an early retirement package, throwing into doubt a possible takeover. The Walloon Region, Clabecq's majority shareholder, put forward the package on Monday following talks with unions, Clabecq's court-appointed receivers and federal ministers. It is part of a wider plan to alleviate the consequences of bankruptcy for the workers and make the company attractive for a takeover.

Union leader Mr Roberto D'Orazio said the offer was "peppered with traps". He called for a "decisive" public demonstration on May 3. Police and steelworkers have clashed several times since the company was declared bankrupt in January. *Reuter, Brussels*

Swiss move on mobile phones

Switzerland is to open up the country's mobile telephone network to two new service providers, in addition to Swiss Telecom. Bakom, the federal communications office, said yesterday the two licences could be awarded when a new law governing the country's telecommunications market takes effect next year. It will decide later on the date for a public tender.

State-owned Swiss Telecom is currently the sole provider of mobile telephone services in Switzerland and will maintain its licence. It has welcomed the opening of the market. There are currently 500,000 users of the digital GSM system in Switzerland, and 260,000 subscribers to the analogue network. *Reuter, Berne*

Hungary covers bank's losses

The Hungarian government is to put up Ft12bn ($67m) in guarantees to cover possible losses at the troubled Postabank, the country's second largest retail bank. Early last month depositors withdrew Ft24bn, fearing the bank was about to collapse. The origins of the panic are not clear. Any money paid out by the government to cover Postabank's losses would be repaid by bank's owners.

Two senior Hungarian banking officials told the FT this week that Postabank was simply "too important to be allowed to fail". Its unparalleled network of branches gave it great potential, they said, though probably not under its present management. *Anatol Lieven, Budapest*

ICI questioned on IG Farben

The Simon Wiesenthal Centre, a Jewish human rights organisation, has asked Imperial Chemicals Industries to provide details of its 1947 acquisition of the Spanish subsidiary of the German chemical concern IG Farben.

IG Farben was the manufacturer of the Zyklon-B gas used for the mass murder of Jews at Nazi death camps. It also employed slave labour in its factories during the second world war. IG Farben's German businesses were liquidated after the war and the proceeds used to pay restitution to Jewish victims of the Nazi regime.

In a letter yesterday to ICI's chairman, Mr Ronald Hampel, the centre asked for a a copy of the purchase agreement "in view of the fact that IG's Spanish holdings were not included under restitution accounting".

Mr Shimon Samuels, the centre's director for international liaison, said it was too early to say whether ICI might be asked to make a reparation payment in connection with its acquisition. *Norma Cohen, London*

'Flawed' court jails Moslems

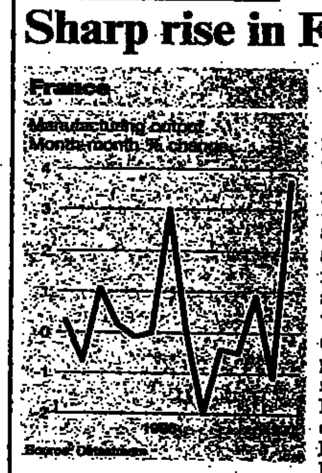
A Bosnian Serb court jailed seven Bosnian Moslems yesterday after a murder trial which the international community said was "fundamentally flawed". Despite heavy international pressure, the court in Zvornik handed down 20-year prison terms on three Moslem men accused of murdering four Serbs and sentenced the other four to one year each for illegal possession of firearms.

The United Nations mission in Bosnia condemned the proceedings and urged the authorities of the Bosnian Serb Republika Srpska to try the case again in keeping with international norms. The defendants were denied lawyers from the Moslem-Croat federation and were given Serb attorneys who had just five minutes to present their defence.

The trial failed to produce conclusive evidence to prove the defendants were guilty, the UN said. *Reuter, Sarajevo*

ECONOMIC WATCH

Sharp rise in French output



French manufacturing output picked up sharply in February, spurred by a marked improvement in the motor industry. Figures released yesterday by Insee, the national statistics institute, put the seasonally adjusted month-on-month advance at 3.7 per cent, compared with January's 1.1 per cent decline. Overall industrial production climbed by a more subdued 1.6 per cent. February manufacturing output was 2.2 per cent higher than a year ago. The biggest change came in the motor industry, where output increased 5.1 per cent after five consecutive monthly declines. But the pattern of car sales in France has been distorted by a government incentive scheme which has now ended. New car registrations in the first quarter were down 24 per cent from a year earlier. The evidence of an upturn was duly seized on by electioneering ministers. Mr Alain Lamassoure, budget minister, said industrial production in France had "plainly picked up". *David Owen, Paris*

■ Consumer prices in west Germany fell 0.1 per cent from last month, and were 1.4 per cent above the year-earlier level, according to figures yesterday from the Federal Statistics Office. *Reuter, Wiesbaden*

Dollar will again top G7's agenda

When the finance ministers of the Group of Seven leading industrialised nations last met to review international economic policy, three months ago in Berlin, their principal concern was what to do about the surging US dollar.

They broadly agreed then that the dollar's sharp rise in the previous two years had probably gone far enough for the health of the world economy.

The US currency had risen by almost 50 per cent against the yen and nearly 20 per cent against the D-Mark since April 1995, and though they did not commit themselves to specific policy changes to stop the dollar rising, the G7 ministers let the markets know that they wre at least concerned.

"Major misalignments of currencies... have been corrected," the communiqué at the end of the meeting said, implying, it seemed, that there was no need for the dollar to rise further.

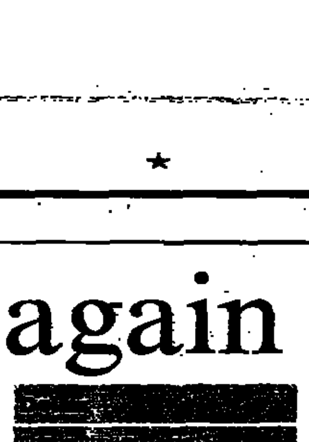
But as they meet again in Washington this weekend, they must confront the uncomfortable fact that as an exercise in exchange rate management, the Berlin communiqué, and subsequent other forms of verbal intervention, have largely failed.

The US currency has continued to edge higher in the last three months, by a further 4 per cent against both the yen and the D-Mark, and is expected by most analysts to go higher.

The critical question the G7 face this weekend is whether the time is now right to up the ante, either in the form of stronger verbal attempts to cap the dollar, or with formal currency market intervention. The problem is that many of them suspect that in the current international economic environment, such action may be futile.

Most economists feel that concerns about currency misalignments are somewhat misplaced from a policy standpoint. As the IMF pointed out in its World Economic Outlook this week, recent exchange rate developments are broadly in line with the domestic policy demands of all the leading economies .

The US is growing strongly and could benefit from the restraint the strong dollar exercises on domestic



inflationary pressures. Continental Europe and Japan are beginning to reap the benefits of the weakness of their currencies, which is helping them export their way out of their difficulties. For the UK, sterling, which has been even stronger than the dollar, should act in the same way as the US currency in restraining emerging inflation.

Why then, should the ministers be expressing any concern about currency developments?

The main fear is that, just as the dollar's fall two years ago went too far in terms of what was justified by economic fundamentals, the US currency might now be overshooting on the upside.

As Mr Michael Mussa, the IMF's chief economist, said this week: "It's always possible to have too much of a good thing. Further appreciation of the dollar would not really be warranted."

In practical terms the biggest problem associated with a dollar overshoot is on America's continuing large trade deficit, especially with Japan. But it is from Japanese ministers that the loudest expression of concern have come.

They are troubled about the effect of the weak yen on their economy – especially over the fact that it erodes the attractiveness of Japanese financial assets. But they are more worried that any further rise in the US trade deficit might lead to trade policy tensions between the two sides.

The US has been mostly unmoved by the dollar's rise against most currencies, seeing it largely as a reflection of the relative strength of the US economy.

But in recent weeks, officials have let it be known that they are troubled by the weakness of the yen.

Mr Robert Rubin, the US treasury secretary, is anxious to minimise pressure on Japan to stimulate domestic demand. He is also aware that such pressure will be vitiated by any further rises in the dollar against the yen. Thus Mr Rubin too is a cautious convert to the case for a stronger yen-dollar rate at least. Will that mean the G7 will signal its intention to intervene in currency markets to weaken the dollar?

Probably not, say most economists. "Policy-maker rhetoric at the G7 meeting probably will shift more strongly against additional dollar gains," says Mr Kim Schoenholtz, chief economist at Salomon Brothers, the investment bank. "However, market conditions may not be ripe for effective intervention."

The reason is that the recent history of currency intervention suggests that certain conditions must be met before it can be truly successful. One of the most important is that the outlook for short-term interest rates in the various countries must point broadly in the direction the authorities want currencies to move.

At present, the differential between US and Japanese rates is already wide, favouring the dollar, and probably set to widen further in the immediate future.

The US Federal Reserve is in the early stages of a monetary tightening that could well see short-term rates rise by another half point or more in the next six months. The Japanese economy, facing a fiscal squeeze in 1997, still needs its record low interest rates to maintain any reasonable prospect of growth in domestic demand.

The global business cycle will probably turn in the next year or so. In 1998 the IMF expects US economic growth to slow, while Japanese and continental European economies pick up speed. That will push US interest rates down and Japanese and German rates up, weakening the dollar – eventually. But there are significant risks in this medium-range forecast. The more predictable immediate future suggests the dollar remains well supported.

Gerard Baker

US-Japan summit, Page 6

Elections for top Unido job postponed

By Ian Hamilton Fazey

Fifty-three countries yesterday agreed to postpone the election of a new director-general for the United Nations Industrial Development Organisation until September and keep nominations for the job open until July.

The postponement follows Monday's decision by Mr Mauricio de María y Campos not to seek re-election to a second four-year term at the end of the year.

The 53, who are all represented on Unido's industrial development board (IDB) – its policymaking executive – also set up a working party to come up with a streamlined structure for Unido by June. This makes it less likely that Unido will be abolished, as some critics had hoped, in the reform of the UN system as a whole.

It also means that the new director-general will be picked after Unido's mission has been redefined.

The only candidate so far is Mr Gerard Latortue, a retired director of the organisation who was nominated for the job this week by his home government of Haiti. By extending the deadline for nominations, IDB members have clearly indicated they want more choice.

Mr Latortue was prominent in Unido under Mr Domingo Siazon, now foreign secretary of the Philippines and Mr de María y Campos's predecessor. Under Mr Siazon, Unido acquired a reputation as an ineffective, top-heavy bureaucracy closely associated with centrally planned command economies.

Mr de María y Campos has led a series of reforms which have almost halved staff numbers at headquarters in Vienna and improved Unido's market orientation.

Its new role may see more cuts in Vienna as a result of smaller budgets and changes of emphasis. The IDB appears to have reached consensus that Unido should carry on with the specialised jobs that distinguish it from other UN agencies and shift its balance of operations more towards the field. The working party will plan how to put this into effect.

In future, Unido is expected to concentrate on investment promotion in developing countries, technology transfer, environmentally friendly industrial development – where the organisation is already the main agency for implementing the Montreal Protocol on atmospheric pollution – capacity and institution building, small and medium-sized enterprises, and agriculture-related industries. The working party will also consider how to strengthen Unido's focus on Africa and the least developed countries.

Mr Kofi Annan, the UN's secretary-general, is due to report on reforming the UN's secretariat in July, but this will not cover specialised agencies, whose relationships with one another and the UN's mainstream administration may take years to resolve.

Unido has its own constitution and is funded separately from any other contributions made by its members to the UN proper.

It appeared doomed after the US withdrew this year and defaulted on subscription arrears. The UK and Australia are due to quit at the end of this year, although the UK – which is unhappy with overlap between Unido and other UN agencies – has promised to review its position in the light of wider UN reform.

Ugandan debt relief benefits 'exaggerated'

By Michael Holman, Africa Editor

The World Bank was accused yesterday of "seriously exaggerating" the benefits of the debt relief package for Uganda, the first country to benefit from an initiative to ease the debt burden of the world's poorest countries.

According to figures provided by the bank, the agreement reached in Washington on Wednesay will reduce Uganda's debt by \$338m in net present value terms, of which \$160m will be provided by the bank itself.

In nominal terms, said a bank statement, the benefits "could exceed \$700m".

The bank said it would also provide interim finance grants totalling \$75m during the 12-month period between this week's agreement and its completion date of April 1998.

But the debt relief figures were disputed yesterday by Oxfam International, the development agency which has been campaigning for better terms and earlier implementation of what is known as the heavily indebted poor country debt initiative.

"The cash flow benefits are far more limited than the headline figures indicate," said Oxfam.

"In annual terms, cash savings will amount to around \$20m per annum, or around 10 per cent of debt service payments due next year. As a result, Uganda will continue to spend almost twice as much on debt repayments as it spends on primary education."

One of the reasons for this disappointing outcome, the agency said, "is that debt relief has been end-loaded in order to reduce costs to creditors".

"The IMF's contribution of \$69m for debt relief will be spread over nine years, resulting in annual disbursement of only around \$8m. On a cash flow basis, the World Bank's contribution of \$160m per annum translates into benefits of less than \$10m a year."

Oxfam also argues that Uganda has not been adequately compensated for the delay in putting the agreement into effect in April 1998, rather than April 1997.

"The delay will cost an estimated \$193m, compared to the World Bank interim finance package of \$75m."

Oxfam's concerns were echoed by other aid organisations. Mr Andrew Simms of Christian Aid, one of the UK's largest development agencies, said: "The delay for Uganda presents a dangerous precedent of delay for countries most in need, despite World Bank pledges to make good some of the money lost through the delay. It appears Uganda, the best candidate for relief, will still lose out."

However, Mr Richard Kaijuka, Uganda's minister of planning and economic development, welcomed what he described as "an historic breakthrough... which gives new hope to sub-Saharan Africa".

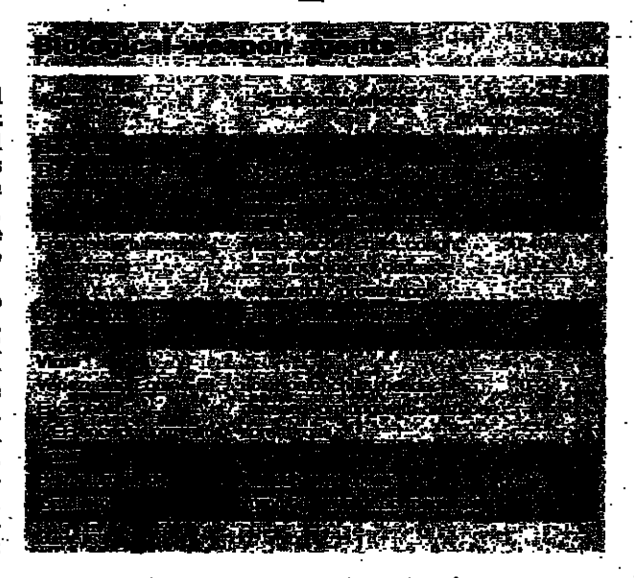
"This debt relief will help us put more resources into our national poverty eradication plan, especially President Yoweri Museveni's recent initiative of universal primary education, the provision of basic healthcare and improved nutrition."

Ugandan officials privately expressed their regret, however, that the plan would not take effect for a year.

World Bank debt relief package welcomed as helping national poverty eradication plan

Iraq 'hiding extent of biological weapons'

By Edward Mortimer and Bernard Gray



Iraq has still not disclosed the full extent of its secret weapons programme, and there would be "heavy risks in lifting sanctions while the present regime is in power", according to the head of the latest UN inspection team to visit the country.

Colonel Terry Taylor, who left Baghdad at the weekend, said yesterday his team had "found evidence of a biological weapons programme which had not been revealed to us" – showing that "even with the very intrusive and, for some people, uncomfortable inspections we do have, it is very difficult to be certain major things are not being hidden".

He would not disclose details about the weapon the Iraqis are working on, except to say that it was a toxin agent. "The Iraqis had briefly mentioned the programme to us," he added, "but what was new was the extent of the work which had been done on it."

Mr Rolf Ekeus, head of the UN Special Commission in charge of Iraqi disarmament, accused Baghdad earlier this month of concealing a small but significant quantity of banned weapons. Iraq has denied the charge.

"What Tariq Aziz says is not true," said Col Taylor, who is also assistant director of the International Institute for Strategic Studies. He was speaking at the launch of the Institute's annual Strategic Survey*, which says preventing biological weapons proliferation is virtually impossible. Mr John Chipman, the Institute's director, said states needed to plan more seriously for defence against such weapons, and to be in a position to threaten "massive retaliation".

The survey also says the west is doing little to improve defences against cruise missiles, although such weapons may pose a greater threat than the Scud ballistic missiles used by Iraq which caused so much alarm in the Gulf war.

Technological developments are making cruise missiles attractive and accessible to states which could not previously aspire to them. One is widespread use of the Global Positioning System, which allows accurate guidance. The other is the low cost of commercially available satellite images, making better intelligence available to potential users.

As a result, cruise missiles 10 times more accurate than Scud can now be made at half the cost of a ballistic missile, according to the IISS. This, and the fact that western nations have yet to develop an effective counter-weapon, is likely to push developing nations towards acquiring such missiles.

Cruise land-attack missiles are also being made available by direct sale from countries such as the US, UK, France, Italy and China, or by adaptation of anti-ship missiles such as the French Exocet or the Chinese Silkworm. There are now some 75,000 such weapons available around the world.

For rogue states attempting to develop chemical or biological weapons, cruise is a more effective way to disperse these toxins than a ballistic launcher.

The survey warns that foreign and security policies in most countries are now "driven by a pervasive and persistent parochialism". It suggests the priority given to domestic politics in Europe and the US is largely responsible for the conflict between them on how to deal with "rogue states" such as Cuba, Iran and Libya, and calls for "greater efforts to develop a common strategy, whereby senior US and European officials would seek to identify areas of 'unacceptable' policy and agree what should trigger sanctions".

Such efforts, the IISS suggests, could include the creation of a formal "Euro-Atlantic Council". It warns that "by not appreciating the importance to the US of constraining states that threaten its interests around the globe, Europe may be undermining US support for it at a time when such support is no longer guaranteed". Conversely, "by seeking unilaterally to impose its will on dissenting allies, the US might well be provoking the very sort of independent European foreign policies it is seeking to avoid."

** Strategic Survey 1996/7. Oxford University Press, £25/\$39.*

INTERNATIONAL NEWS DIGEST

Sanctions call by Palestinians

Palestinians urged the United Nations yesterday to consider imposing economic sanctions on Israel ahead of a UN debate over a new Jewish settlement in Jerusalem at the centre of stalled peace moves. Mr Benjamin Netanyahu, Israeli prime minister, has vowed to tighten the Jewish state's grip on the holy city.

Mr Ahmed Abdel-Rahman, general secretary of Palestinian leader Yassir Arafat's cabinet, said Israel must halt construction of the Har Homa Jewish settlement begun last month on a hilltop known in Arabic as Jabal Abu Ghneim.

The 185-member UN General Assembly, holding only its 10th emergency special session in 47 years, is due to consider whether countries should bar assistance to Israeli private and public establishments involved in the settlement. The assembly's decisions are not binding. The expected two-day debate was prompted by construction of 6,500 homes for Jews begun last month at the site on the outskirts of Arab East Jerusalem. *Reuter, New York*

Egyptian 'spying' trial

An Israeli appeared in an Egyptian court yesterday accused of carrying out economic espionage on behalf of the Israeli secret service.

Mr Azam Azam, who worked at a textile factory outside Cairo until his arrest last November, had previously been accused simply of spying for Israel, but the charge sheet presented to the court on the first day of his trial specified alleged economic crimes.

Mr Azam, who denied all charges, is accused along with an Egyptian, Mr Emad Abdelhamid Ismail, who was also in court, and two Israeli women, who are being tried in absentia. The case, which comes at one of the lowest points in Egyptian-Israeli relations since 1982, led in March to a personal appeal by Mr Benjamin Netanyahu, Israeli prime minister, to President Hosni Mubarak, for Mr Azam to be released. Mr Netanyahu said Mr Azam had no links with Israeli intelligence. The hearing was adjourned until May 18. *Mark Huband, Cairo*

Five new nuclear plants

Five new nuclear power plants became operational in 1996, bringing the number operating around the world to 443, the United Nations nuclear agency said yesterday.

Power plants with a combined capacity of 5,717 megawatts of electricity were connected last year to power grids in France, Japan, Romania and the US, the Vienna-based International Atomic Energy Agency (IAEA) said. In addition, work began on three new nuclear reactors – two in China and one in Japan – bringing the total number of nuclear reactors reported to be under construction to 36 in 14 countries. The US runs the greatest number of nuclear power plants, with 110 in operation. France comes second with 57, followed by Japan with 53. Ukraine, site of the world's worst nuclear accident at the Chernobyl plant in 1986, has 16 reactors in operation. *Reuter, Vienna*

Contraceptive pill study

The oral contraceptive pill does not significantly increase the risk of heart disease in women who have no other risk factors such as high blood pressure, smoking or diabetes, according to a study to be published in this week's British medical journal, The Lancet.

"It confirms that young women in both developed and developing countries who have no risk factors for cardiovascular disease can use the pill safely," says Dr Giuseppe Benagiano, director of the UN's special programme on human reproduction research (HRP) that sponsored the study.

The research, which involved 1,300 women in 17 countries, nevertheless shows that the risk of heart disease is sharply increased for women who smoke or have high blood pressure. *Frances Williams, Geneva*

NEWS: EUROPE

Turkish army ready to bring down Islamic government

By John Barham in Ankara

Turkish financial markets fell heavily yesterday in the first day of trading after a week-long public holiday amid fears that the Islamist-led government was about to collapse under intense military pressure.

The Istanbul stock exchange index closed down 4.9 per cent, having recovered slightly after hectic selling pushed prices down 7 per cent in the morning. Bond yields rose 2-3 per cent. Investors fear renewed political instability and populist economic measures that would precede early general elections.

Political commentators say the coalition government of Mr Necmettin Erbakan is unlikely to survive tomorrow's meeting of the military-dominated National Security Council (NSC).

The secularist military, which has staged three coups since 1960, has given Mr Erbakan until tomorrow's regular meeting of the NSC to implement a list of measures to limit the growth of Islamist organisations and schools.

However, Mr Erbakan, Turkey's first Islamist prime minister, has not met any of the generals' demands.

Mr Bilal Çetin, a political columnist for the newspaper Yeni Yuzyil, wrote: "Not only the opposition, but government MPs see that the government is finished. The main problem in Ankara now is how the new government will be formed. The countdown is almost completed. One way or another the government will end in one or two weeks."

The military demanded at the NSC's February meeting that the government "carefully preserve the principle of secularism" by cracking down on the activities of illegal Islamic brotherhoods and purging Islamists from the bureaucracy. Most controversially, it demanded a reduction in the growth of Islamic schools by requiring an extension in compulsory state education.

Although Mr Erbakan's aides said they intended to comply with the council's "recommendations", generals complained that he had not introduced the necessary legislation.

Last week Brigadier General Osman Ozbek, a previously obscure military commander, warned: "I've struggled with [guerrillas of the Kurdistan Workers party] for 13 years; I will struggle against [the Islamists] too." His superiors ignored government demands that they punish him.

Fellow officers said they would "sign every line of Ozbek's speech".

Mrs Tansu Çiller, deputy prime minister and leader of the conservative True Path party, the government's junior coalition partner, hastily announced education reforms on Wednesday.

However, one observer said: "The soldiers gave up on Erbakan a long time ago. So the pressure is on Çiller to quit the government. Announcing these reforms give her an honourable pretext for quitting because she knows Erbakan would never accept them."

Mr Atif Cezairli, country manager at the Istanbul office of the investment bank ING Barings, said speculation was now centring on who would lead a caretaker government to prepare Turkey for new elections, probably in 1998.

Many analysts expect such a government to change the election laws to cut support for Mr Erbakan's Refah party. Refah has 160 MPs, more than any other party, even though it took only 21 per cent of the vote in elections in December 1995.

However, Mr Cezairli warned that the prospects of forming a strong, stable government would increase only if the centre-right – which is divided between the True Path and the Motherland party – could unite under a single leader.

Berlin workers in jobs march

Thousands of public sector workers marched through Berlin yesterday to protest against plans to cut jobs in the city, Reuter reports from Berlin.

"We are protesting against the loss of up to 13,000 jobs," said Mr Hartmut Friedrich, state director of the DAG union, during a rally beside the war-damaged Kaiser Wilhelm Memorial Church (left). "These jobs were safe for decades and now they are being called into question."

Today the Bundestag will consider a bill to decentralise the federal pension authority, which is Berlin's largest service-sector employer, with more than 23,000 employees.

The unions said the city had been unfairly targeted for cuts since German unification. "Berlin cannot continue to be abused to ensure jobs in other states and regions," they said.

Ukraine to set trading band for its currency

By Matthew Kaminski in Kiev

Ukraine will today unveil a 10 per cent trading band for its currency, the hryvnia, after agreeing a compromise with the International Monetary Fund on a crucial three-year loan.

The unexpected breakthrough and the announcement of a formal exchange rate policy should increase confidence in the stability of the economy after months of uncertainty.

But two prominent western advisers yesterday criticised the IMF for "going soft" by backing down from its insistence on deep structural reform before approving the $2.5bn-$2.7bn loan.

Senior officials said an IMF mission this week had agreed the funds could be released after passage of the 1997 budget and three tax reform bills, which the government is confident of achieving. A policy memorandum is expected to be signed today.

It will no longer insist on an ambitious deregulatory package that had encountered opposition in parliament and attracted lukewarm government support.

"Based on the three tax laws, we are confident that a new budget can be adopted by the middle of May," Mr Sergei Tigipko, the newly appointed deputy prime minister for economics, said yesterday.

"For now we're concentrating on these key laws, and we'll work on the others later."

Mr Tigipko said the government would from today formally defend the hryvnia at an exchange rate of 1.7 to 1.9 against the dollar, ending speculation that Kiev might opt for a gradual devaluation of the currency. The hryvnia yesterday ended trading at 1.84.

The central bank has doubled its foreign exchange reserves through a buoyant treasury bill market in recent months and could comfortably defend the wide band. The IMF gave its backing for the move, he added.

The policy clearly indicates Ukraine's commitment to a stable hryvnia and minimises currency risk. But it also raises the stakes in that any future devaluation would unsettle the markets.

The renewed prospects for a 1997 budget also should comfort foreign investors who have bought into Ukrainian treasury bills expecting an eventual IMF programme.

Some economists have been worried that delays might dry up the short-term capital and put Ukraine's fragile successes in conquering inflation in jeopardy.

"The IMF decided that continuing stability is more important than deregulation," said Mr Anders Aslund, an adviser to the government. "It's a dubious policy."

Mr Jeffrey Sachs, a Harvard economist who helped put together the reform package, said the IMF was making "a big mistake".

"As usual, the IMF focuses all its attention on the budget deficit and ignores structural reform," he said. "The growth record of the IMF programmes in the former Soviet Union is dreadful."

The prospects for an overhaul of taxes and regulations will dim in the coming months as parliamentary elections are due in 1998. Ukraine's economy shrank 10 per cent last year and is likely to contract 3 per cent this year.

Doubts over Juppé's future after election

By David Buchan in Paris

A close aide to President Jacques Chirac suggested yesterday that the French left should cease personalising its campaign attacks on Mr Alain Juppé, the prime minister, because the president might name "a new team" if the centre-right coalition retained power.

Mr François Baroin, who worked in the Elysée after being spokesman of the 1995 Chirac presidential campaign and of the first Juppé government, told Le Figaro newspaper that the president had called the election to "create a new dynamic, but also to promote a new team".

His words were probably aimed more at protecting Mr Juppé, who the Socialist party accused this week of "almost physically embodying taxation" and whose popularity dropped to 34 per cent in a Louis Harris poll out yesterday. Mr Baroin said the campaign should not focus on the prime ministership, whose nomination after the election lay entirely within Mr Chirac's gift.

The government campaign is giving full rein to supporters of ex-prime minister Edouard Balladur like Mr François Léotard, leader of the UDF, the Gaullist RPR's allies, who is likely to get a job in any new centre-right administration. But there might also be a reshuffle at the top, as indicated this week by Mr Réné Monory, the centrist president of the Senate. He said Mr Juppé had "every chance" of staying on as premier, but it was "not automatic".

The preparation of next year's budget looked set yesterday to provide fresh fuel for the campaign. Though the election has been called 10 months earlier than necessary, its start has still coincided with the "framework letter" which the prime minister traditionally sends to ministers to help them prepare the draft budget for the following year. Mr Juppé's letter for the 1998 budget this week tells ministers to pay "particular attention to pursuing the civil service cuts begun in 1997".

Mr Juppé set no numbers on next year's cuts, which this year involve only the abolition of 5,600 posts vacated by the roughly 45,000 people who retire every year from France's 2m-strong central civil service. But some on his right wing, particularly in the Republican party component of the UDF, have called for two out of every three posts vacated by retirement not to filled.

Meanwhile, Mr Jacques Delors, former European Commission president and architect of monetary union provisions in the Maastricht treaty, yesterday gave covering fire to his Socialist party leader, Mr Lionel Jospin, on his stance on the euro. Mr Delors defended Mr Jospin's refusal to be tied by an absolute respect of the Maastricht target that countries should reduce their deficits to 3 per cent of national output, recalling that the treaty allowed political appreciation of "the trend" in deficit reduction. Mr Delors, a member of the Socialists' national executive, also suggested the government had issued bogus leaks about the overrun on this year's budget deficit to justify the snap election and subsequent new austerity cuts. Leaving the election until its due date of next March would not have endangered the EU's decision next April or May on participation in the euro, he said.

According to the Louis Harris poll for the Valeurs Actuelles magazine, 58 per cent of French want a radical change in government economic policy, and 69 per cent want a referendum on the euro.

Chirac's gamble, Page 14

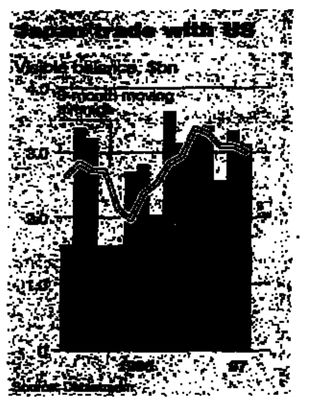
Trade and economy may spoil ritual US-Japan summit

By William Dawkins in Tokyo

There will be a new edge to the usual cosy ritual of US-Japan summits when President Bill Clinton and Mr Ryutaro Hashimoto, prime minister, meet in Washington tomorrow.

In the past, such occasions have tended to open with US complaints about closed Japanese markets and close with Japanese promises to drop a few more trade barriers, allowing both sides to depart glowing with the feeling that their special relationship is as special as ever.

Occasionally, such as at the summit between Mr Clinton and Mr Hashimoto in Tokyo last year, talk of trade tensions has even been dropped entirely, to allow an all-out celebration of their security ties.



But this summit, the first since both leaders were re-elected last autumn, will be slightly less predictable. Mr Hashimoto will have left Tokyo with one easy and one awkward issue on the agenda.

Mr Ichiro Ozawa, leader of Japan's main political opposition group, the New Frontier party, has called on supporters to ally with the government on security and bureaucratic reform on a case by case basis, William Dawkins writes. Mr Ozawa told the NFP's annual convention: "We must work together with those who share the same ideas and policies, beyond party affiliation." His remarks add weight to rumours of an impending alliance between the NFP and its foes, the ruling Liberal Democratic party, which would re-unite conservative forces in Japanese politics after four years of political upheaval. He praised the NFP's recent decision to vote with the LDP on a controversial bill to allow the expropriation of land in Okinawa for use by the US military, but refused to give a direct answer to party members' demands to know whether he proposed a formal alliance with the ruling party.

On security, the two leaders will as usual see eye to eye. But on trade and the economy, they may have to agree to differ, as did Mr Clinton and Mr Morihiro Hosokawa, a former prime minister, three years ago, in the first departure from the postwar ritual.

The good news on the security front is that Mr Hashimoto will be able to report smooth progress on obtaining parliamentary agreement on a bill to allow the government compulsorily to allocate land for US military use on the southern island of Okinawa, reluctant host to the biggest US military installation in east Asia.

Better still, he will be able to tell Mr Clinton that the ruling Liberal Democratic party and the main opposition group, the New Frontier party, are starting to line up in support of a review of guidelines with the US for dealing with east Asian security crises, due for approval by the Japanese parliament in the autumn.

The scheme would give the Japanese military more scope to help US forces in conflicts outside Japan, a sensitive matter given Tokyo's constitutional ban on collective defence. It builds on their summit agreement last April, when Japan promised for the first time to give logistical support to US forces abroad.

But on trade, the US is concerned that a slowdown in Japan's economic growth rate will lead to lower demand for imports and an increased trade surplus, a perennial bone of contention. The level of the argument has moved to a higher plane, from previous haggling over detailed trade barriers to a debate about economic management. But that only makes it harder for the Japanese side to make concessions.

A confident Mr Hashimoto is very unlikely to agree to any change in Japan's fiscal tightening, judging by pronouncements over the past week by his finance minister and a bevy of senior officials.

"He is not like so many former prime ministers who just went to Washington to listen," says Mr Kiyoaki Kikuchi, a former Japanese ambassador to the UN.

On the surface, the US should have little to worry about. Japan's overall trade surplus has more than halved as a proportion of gross domestic product from 3.1 per cent in 1993 to 1.4 per cent now. And yet there is concern in Washington over a sharp rise in Japanese exports, helped by the yen's more than 50 per cent fall from its record high of Y79.75 to the dollar in April 1995.

The Japanese government cannot reverse the sales and income tax increases it implemented at the start of this month. Neither can it cut interest rates, already at a record low since September 1995.

That leaves public spending. But Mr Hashimoto accepts the Finance Ministry line that an increase in spending would only derail Japan's policy of cutting government debt, which at almost 100 per cent of gross domestic product is nearly as high as Canada or Italy. Curbing the budget deficit has the status of a holy grail at the Finance Ministry.

It is unlikely, given the nature of such summits, that the leaders will get down to the detail of fiscal management. But the general theme is that Mr Hashimoto will stick to his guns on the economy, the latest example of how a more independent Japan makes the relationship with the US less of a ritual.

China spurs state sector rationalisation

The announcement this week by Shanghai's giant Baoshan steel works that it is considering merging with local unprofitable mills is a clear indication that China's attempts to spur rationalisation of its debt-burdened state sector are bearing fruit.

The Baoshan announcement coincided with new rules aimed at facilitating mergers and bankruptcies, a sign China's post-Deng Xiaoping leadership is intent on speeding state-enterprise reform.

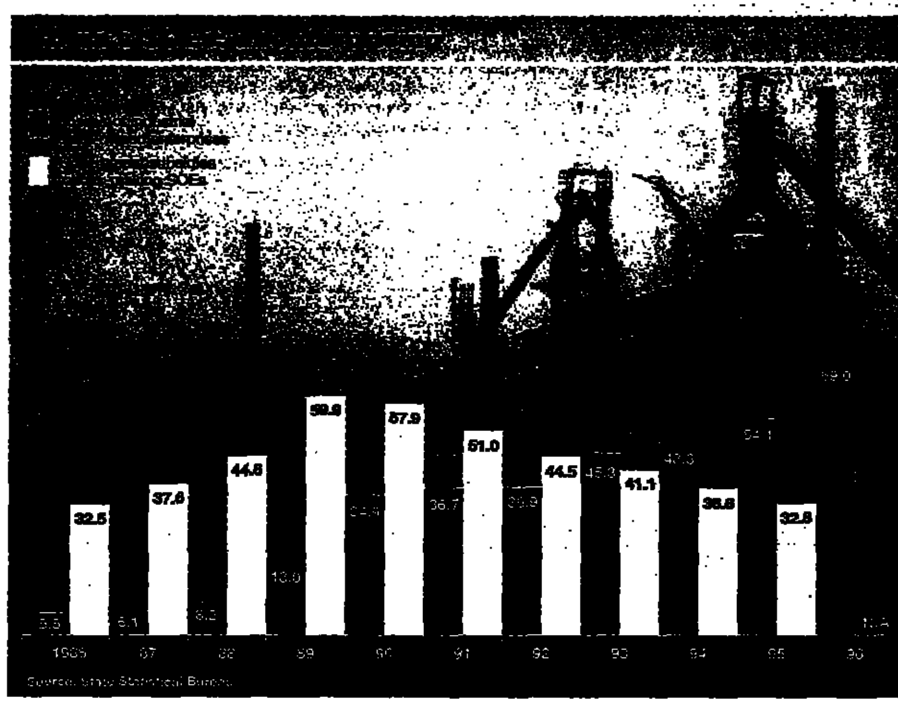
The Baoshan example also comes at a moment when Deng's successors appear ready at last to sanction gradual corporatisation, or "privatisation", of larger state enterprises, although they will be anxious to avoid accusations they are selling off state assets.

China's leaders seem to have achieved consensus on a formula for the divestiture of larger units through the establishment of joint stock holding companies where state-owned shares need not constitute the majority. This has clear implications for foreign investors who have been excluded from bidding for larger enterprises, but China will be extremely cautious about allowing foreign involvement in strategic sectors such as energy and telecommunications.

The death of Deng, the architect of China's reforms, appears to have jolted his heirs into action. President Jiang Zemin, a cautious centrist, seems to believe his hold on power will be strengthened by a more vigorous assault on China's most pressing problem: the continued drain on the economy, and the banking sector in particular, of loss-making enterprises.

"Jiang's agenda is becoming clearer. He wants to make a name for himself as the father of economic growth and development while going slow on political reform," said a western economist in Beijing who has reported extensively on state sector problems.

Clarification of the ownership issue, opening the way for divestiture, would mark a significant step forward in China's economic reforms. Lack of clarity has proved a serious obstacle to reform of the state sector, which includes some 118,000 industrial enterprises, 7,000 of which are controlled directly by the central government.



Beijing's attempts to increase the tempo of state sector reform is being driven by a further deterioration in performance. In 1996, the state sector as a whole fell into loss for the first time since the 1949 revolution, losing Yuan3bn ($362m).

Losses for industrial state-owned enterprises reached Yuan69bn, an increase of 45 per cent over 1995.

About 70 per cent of such enterprises are loss-making and the picture continued to worsen in the first quarter of 1997 with losses up more than 11 per cent over the same period last year.

People's Daily, the Communist party newspaper, hailed the announcement that the State Council, or cabinet, was establishing a task force armed with new rules to encourage mergers and bankruptcies. Its mission is to weed out thousands of loss-making enterprises.

"State-owned enterprises must gear themselves to the market, reorganise their existing assets and labour force and speed up structural adjustment if they want to extricate themselves from their tough situation," the paper said.

Western economists note that Beijing has talked tough before, but has balked because of worries over joblessness and social unrest, especially in the country's north-east industrial heartland where unemployment in some places is near 20 per cent and idle workers have been involved in street protests. However, economists say China must tackle enterprise reform if it is to make further progress in the transition from a centrally planned to a market economy.

Tackling state enterprise problems is critical to reform of the banking sector, which is dominated by the "big four" specialised banks – Industrial Commercial Bank, Agricultural Bank, Construction Bank and Bank of China. Between 20 and 30 per cent of loans are believed to be non-performing, measured by Bank of International Settlements standards.

Chinese leaders have been signalling for months that state enterprise reform tops their agenda, but their statements have been greeted sceptically because of their reluctance in the past to match words with deeds.

Premier Li Peng told China's parliament in March that enterprise reform was the "pressing task" for 1997. "Reform and development of the state-owned enterprises is not only a major economic issue... but also a major political issue which is of vital importance for the destiny of the socialist system," he said.

But China, if it is to proceed with the corporatisation of the state sector, faces an extraordinarily difficult task, according to a report published this week by the Australian Department of Foreign Affairs and Trade.

"Achieving this outcome will require a huge input of time and effort from high-quality, disinterested bureaucratic personnel as well as significant levels of public sector funding," the report said.

It is not clear that China is equipped for such a step.

Tony Walker

ASIA-PACIFIC NEWS DIGEST

Japan to allow organ transplant

The lower house of the Japanese parliament yesterday approved a bill to give legal recognition to the principle of brain death, lifting what was in effect ban on organ transplants, unique in the developed world. The vote ends a 30-year debate on whether Japan should let doctors declare patients dead once electrical activity in the brain has ceased. It allows transplants from brain dead patients who gave written consent in advance.

For many years, the issue was considered too controversial to bring to parliament, a legacy of popular superstition. There is no ethical objection to brain death in either of Japan's two main religions, Buddhism and Shinto. The parliamentary proposal requires ratification by the upper house before it can become law.

Until now, doctors have been forced to wait until a doner's heart has stopped before removing organs for transplant, by which time the organs have become useless. No heart transplant has been performed in Japan since 1968, when a professor at a medical college in Sapporo faced manslaughter charges for carrying out an operation. *William Dawkins, Tokyo*

China border pact signed

Presidents of Russia, China, Kazakhstan, Tajikistan and Kyrgyzstan yesterday signed a five-nation border pact aimed at reducing military tensions along the once bristling divide between China and the former Soviet Union. The deal, which followed a summit meeting in Moscow earlier in the week between Mr Jiang Zemin, the Chinese president, and Mr Boris Yeltsin, his Russian counterpart, was a further sign of increased co-operation between China and the former Soviet states.

No details were released, but government sources told Russian news agencies it would set limits to land forces, short-range aviation and anti-aircraft defence systems deployed in the 100km band along the more than 7,000km border. *Chrystia Freeland, Moscow*

Dalai Lama visit irks Beijing

China yesterday complained strongly about a meeting in Washington between President Bill Clinton and the Dalai Lama, Tibet's exiled spiritual leader. But Beijing's displeasure is not expected to interfere with a visit to Washington this month by Mr Qian Qichen, China's foreign minister. Mr Qian will be preparing the ground for an expected visit to the US capital later this year by Mr Jiang Zemin, China's president. *Tony Walker, Beijing*

Megawati urges poll boycott

Ms Megawati Sukarnoputri, whose government-supported dismissal as leader of the Indonesian Democratic party last year provoked the worst rioting in Jakarta in 20 years, has urged her supporters and party members to boycott the general election campaign which starts this Sunday. *Manuela Saragosa, Jakarta*

Cambodian democracy seen on the verge of collapse

Sam Rainsy, respected former finance minister, speaks of his fears to Peter Montagnon

"Everybody is afraid to die," says Mr Sam Rainsy, Cambodia's opposition leader, who is fighting the collapse of democracy in his country. "But we have to overcome our fear and do what we think is right."

It is a long way from the killing fields of Cambodia to the comfort of a small hotel in London where Mr Rainsy was to be found yesterday. His words have an awesome ring of truth just the same.

Mr Rainsy was almost killed on Easter Sunday when a demonstration he was leading in Phnom Penh was broken up by a gang throwing grenades. Official inquiries have failed to reveal the identity of the culprits, but the presence at the scene of special military units of the Cambodian People's party (CCP) suggests involvement by the former communists who form one of the two government parties, Mr Rainsy says.

Now he is on a world tour to try to persuade donor governments, which provide Cambodia with about $600m in assistance a year, to make the preservation of democracy and human rights a condition of further help.

His message is a stark one, resting on the premise that moves to democracy, launched with UN-sponsored elections in 1992, have failed. But it is one that carries some weight.

Slight of build and unassuming, but lucid in argument, Mr Rainsy has a reputation for integrity that gained him wide international respect as finance minister in the early days of the new government.

Rainsy: "We have to overcome our fear" Fergus Willie

"It is not only democracy which is in danger," he says. "It is the whole country which is running the risk of falling apart. Cambodia is heading for civil war, chaos and political destruction."

At the problem's heart is the creeping hold on power of the CPP, led by Mr Hun Sen. Power sharing has collapsed between the CPP and royalist Funcinpec party, which formed a joint government after 1992 elections.

After he was ousted first from the cabinet and then, two years ago, from the National Assembly, Mr Rainsy's Khmer National party has formed an alliance with Prince Norodom Ranariddh, Funcinpec's leader, to oppose the CPP in local elections scheduled for this year and national ones next year.

But it is uncertain whether the elections will take place. So dangerous has the climate become that the National Assembly, which needs to pass the enabling legislation, cannot function, says Mr Rainsy.

The attack on the Easter Sunday demonstration was a clear attempt on his life, he says. "Four grenades were thrown very close to me." Mr Rainsy says he managed to crawl away, but was saved only by a fallen motor cycle from straying into the path of the last grenade.

The CPP denied involvement in the attack. Mr Hun Sen blamed the demonstrators for provoking violence but an attempt to have Mr Rainsy arrested was thwarted only by the intervention of Prince Ranariddh.

Against such a background there appears little prospect of free elections. Whether the message will be heard by western donors, which cover 60 per cent of Cambodian government expenditure, is moot.

Having invested $3bn in bankrolling democratisation after the collapse of the Pol Pot dictatorship, some donors are reluctant to admit failure. Mr Rainsy is being received not by ministers but by senior diplomats on his present tour. But he believes the Clinton administration's decision to impose sanctions against Burma indicates a greater willingness to act on human rights.

Asean, the Association of South-east Asian Nations, must make up its own mind whether to go ahead with plans to admit Cambodia later this year, though he hopes for delay.

"Cambodia is going to be a headache for Asean because there is not a single government. The two prime ministers do not talk to each other," he says. "Asean does not give aid, only lessons, and their lessons are sometimes questionable when they talk about the style of democracy, placing economic development before human rights."

It is an uncomfortable message both for its challenge to western donors and to those closer to home who believe Asian values are superior, but Mr Rainsy is determined to keep up the fight when he returns to Cambodia in May.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 25.04.97: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.38	11.63	11.63
0100	11.86	40.33	41.62
0130	17.74	40.33	41.62
0200	19.77	40.33	41.62
0230	19.77	15.44	16.73
0300	19.77	15.44	16.73
0330	19.77	15.44	16.73
0400	19.77	11.65	12.94
0430	19.77	11.65	12.94
0500	18.38	11.65	12.94
0530	18.25	15.32	16.61
0600	18.25	15.32	16.61
0630	18.25	15.32	16.61
0700	21.88	12.67	13.96
0730	24.49	12.67	13.96
0800	28.91	12.67	13.96
0830	38.28	12.67	13.96
0900	38.41	17.03	18.32
0930	27.18	16.71	18.00
1000	27.24	17.03	18.32
1030	27.21	17.03	18.32
1100	27.18	20.72	22.01
1130	27.19	20.72	22.01
1200	27.21	20.72	22.01
1230	25.08	20.72	22.01
1300	24.92	11.72	11.72
1330	24.77	11.68	11.68
1400	24.52	11.65	11.65
1430	24.03	11.61	11.61
1500	24.02	11.60	11.60
1530	23.34	11.60	11.60
1600	23.34	11.60	11.60
1630	23.36	11.61	11.61
1700	23.36	11.68	11.68
1730	24.02	11.71	11.71
1800	23.80	20.72	22.01
1830	23.79	21.61	22.90
1900	23.78	40.33	41.62
1930	23.78	41.00	42.29
2000	23.78	41.00	42.29
2030	22.08	26.18	27.47
2100	23.78	26.18	27.47
2130	52.28	20.96	22.25
2200	52.28	21.61	22.90
2230	39.19	20.72	22.01
2300	35.22	20.96	22.25
2330	19.05	11.68	11.68
2400	13.86	11.60	11.60

Prices are determined for every half-hour in each twenty-four hour period. [illegible]

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NEWS: WORLD TRADE

Judge steps into Long Beach container dispute

By Christopher Parkes in Los Angeles

A plan to build a $200m container terminal at Long Beach for Cosco, China's state-owned shipping line, has been thrown into limbo after a court ordered the cancellation of a lease on the 135-acre site.

The project, to service fast-growing links between China and southern California – main transit area for a quarter of the $18bn annual trade between the US and the People's Republic – also faces mounting political opposition in Washington.

Long Beach harbour commissioners were recently ordered by a judge to review their plans unencumbered by earlier commitments – the $14.5m annual lease – after protests by conservationists and local residents.

"The project is up in the air," Mr Don Wylie, the port's trade and services director, said yesterday. "Cosco is probably a bit bewildered by the process."

The terminal, due to be completed in mid-1998, was a keystone of plans to revive the Long Beach waterside economy and bring 600 jobs to an area hit by aerospace cuts and military base closures.

This week's cancellation of the lease – on the site of a naval station shut in 1994 – followed court actions brought by lobbyists seeking to protect the habitat of the endangered black-crowned night heron, preserve "historic" military buildings, and fend off the threat of increased road traffic.

However, opposition is also mounting in Washington, where opponents have appealed to the defence and transportation secretaries to block the plan on a variety of grounds.

Last week, Arizona Senator John McCain urged the Clinton administration to "withhold any actions which would assist" Cosco until a Federal Maritime Commission investigation of alleged predatory pricing practices by the line had been completed.

Aid targeted by Mr McCain included $138m in loan guarantees, approved in January, for the construction of four Cosco cargo vessels at a shipyard in Alabama, and the plan for it to "receive property" at Long Beach.

Other opponents have suggested that the Chinese would use the terminal as a landing point for illegal weapons shipments and that the project offered a threat to national security.

Mr Wylie said he expected the harbour commission to review its plans in time for the next court hearing on the preservationists' claims by May 13, but he could not predict its reaction.

However, the commission recently reported that five years of public hearings, which preceded the signing of the lease with Cosco, had failed to identify any economically feasible alternative for the former navy base.

Rebutting suggestions of a security threat, it said Cosco had been a tenant at Long Beach since 1981.

Containers worldwide, Page 15

First Taiwanese vessel in 50 years sails to mainland

Ship crosses the great divide

By Laura Tyson in Taipei

The Uni-Order prepares to leave Kaohsiung Harbour yesterday *Reuter*

The first ship to sail directly to communist China from Taiwan in nearly half a century was due to arrive in the port of Xiamen on the south-eastern coast of China today.

The Panama-registered Uni-Order, owned by Taiwan's Uniglory Marine, departed for the 12-hour journey from the island's southern Kaohsiung Harbour late yesterday.

Uniglory is a subsidiary of the Evergreen group, one of the world's biggest containerised shipping concerns. The Taiwan strait crossing is the first by a Taiwanese shipping operator since China's civil war ended in 1949, when the defeated Nationalists set up in exile on the island of Taiwan.

Last weekend a China-owned, Saint Vincent-registered vessel, Sheng Da, sailed from Xiamen to Kaohsiung in the first direct voyage across the strait. Taiwan, which has banned direct links with China, has agreed to allow limited direct shipping with the mainland under an "offshore trans-shipment centre" established in Kaohsiung Harbour.

Under the scheme, mainland cargoes are not allowed to enter Taiwan customs but can be trans-shipped at Kaohsiung for onward passage to third countries. Similarly, Taiwan cargoes at Kaohsiung cannot be put abroad ships planning to cross directly to the Chinese mainland.

Cross-strait routes are limited to just two Chinese ports – Xiamen and Fuzhou, both in Fujian province. But the experiment in direct sea links may be expanded if all goes smoothly.

Taiwanese officials say any expansion of the direct shipping experiment depends on friendlier ties with Beijing.

Although of highly symbolic significance – the newly inaugurated routes will have little economic impact – the move will increase pressure on Taipei to abandon fully its ban on direct shipping, aviation, communications and trade.

Norway and UK clear gas export hurdles

By Robert Corzine in London

Norway and the UK have cleared the final hurdles to a resumption of large-scale exports of Norwegian natural gas to Britain.

Lord Fraser of Carmyllie, UK energy minister, yesterday said agreement had been reached on detailed revisions to the Frigg pipeline treaty, as well as on a new framework agreement to govern future cross-border pipelines.

The revised treaty will open up the under-used pipeline linking the Frigg field, which lies astride the boundary between the two countries, to gas from nearby Norwegian and UK fields. The framework agreement means that new cross-border pipelines can be built without the need to sign a separate treaty between Oslo and London.

Yesterday's deal is expected to lead to a resumption of contract talks between Norwegian producers and big industrial gas consumers in the UK. Several deals, including one with National Power, have been on hold for several years because of slow progress on revising the original treaty, which restricted the use of the pipeline to gas from the Frigg field. It is now in decline, with production expected to end within the next few years.

In recent years UK officials were more concerned with encouraging the development of Britain's offshore gas reserves than revising the treaty, and consequently put the issue of the pipeline's future on the back burner.

But the British government's interest in promoting a proposed gas directive to open the EU gas market to competition led it to resurrect talks with Norway last year. Lord Fraser noted at the time that Britain's advocacy of gas liberalisation in the EU was undermined by its de facto ban on new Norwegian exports.

Agreement on the Frigg treaty should help Britain in its lobbying efforts in Europe, according to industry analysts.

The existence of a more flexible pipeline grid linking Norway and the UK to import-dependent continental European markets should help ease fears that liberalisation would undercut security of gas supplies. EU energy ministers are due to meet next month to discuss the latest draft proposals.

It is not clear how quickly large-scale exports will be resumed. Some Norwegian companies have already undertaken detailed studies of what work will be required to tap into the Frigg line.

Statoil, Norway's state oil and gas company, has a gas marketing and sales arm in the UK and has been particularly keen to be able to sell Norwegian gas in the domestic UK market.

Another uncertainty is how much gas will be aimed at the UK market, which currently has plentiful supplies of gas. Some UK gas producers have raised the possibility that new Norwegian exports could depress UK gas prices further. That in turn might mean that development of some marginal UK fields might be delayed.

But analysts point out that the Frigg line lands at St Fergus on the Scottish coast, well away from the main centres of gas demand in southern England, so the price of Norwegian gas in the UK will have to reflect the increased transport cost.

UK government officials say the opening of the Frigg line could also result in Norway using the UK as an alternative export route to third countries.

In 1985 Norwegian gas supplied about 27 per cent of UK demand. But a sharp increase in UK gas production and the refusal of the British government to authorise new gas imports has caused Norway's share of the UK market to fall to about 2 per cent.

WORLD TRADE NEWS DIGEST

EU challenge to Argentina

The European Union has filed a formal complaint against Argentina at the World Trade Organisation, claiming that customs duties and labelling regulations affecting imports of footwear and textiles breach international fair trade rules.

The EU move follows a similar complaint by the US last October. A WTO panel was set up in February after the two sides failed to reach a settlement in consultations. The EU reserved third party rights in that dispute.

Both complaints relate to a series of measures taken by Argentina in 1995 to curb cheap Asian imports. Duties of up to 125 per cent were placed on some items despite Argentina's commitment in the Uruguay Round trade negotiations not to raise tariffs above 35 per cent.

The EU has also challenged new labelling rules that require the name of the importer and the number of the import affidavit submitted to the Argentine authorities. Brussels says this represents a barrier to trade.

Under WTO rules the two sides have 60 days to consult bilaterally, following which the EU can ask for a WTO panel to be established. *Frances Williams, Geneva*

NZ quizzes horticulturists

New Zealand has asked China for more information about a horticultural delegation that was intercepted attempting to take a new strain of apple plant out of the country, officials said yesterday.

In a combined police, customs and Ministry of Agriculture operation at Auckland airport last Sunday, 15 cuttings from a new apple variety developed by New Zealand researchers were found in the hand luggage of one of a group of five horticulturists about to return to China.

They were given warnings but allowed to leave the country the following day after apologising, police said.

Mr Neil Kirton, customs minister, said he did not consider the alleged incident amounted to industrial espionage, and New Zealand would not prosecute the Chinese scientists. But with the fruit industry one of New Zealand's primary exporters, industry and opposition politicians have called for a tougher line.

Both the foreign and commerce ministries said they were looking for more details.

"The incident is a very real concern," Mr John Luxton, associate agriculture minister, said. "Apparent attempts, such as this, to pirate the fruits of our research labours are very concerning." *Reuter, Wellington*

Pipeline signing delayed

The expected signing of the Caspian Pipeline Consortium's final documents will not take place today as planned, according to an employee of one of the companies involved. This will further delay the second stage of the pipeline, which eventually will carry 1.2m barrels a day of oil from Kazakhstan to the Black Sea.

The agreement is being held up by an awaited announcement from the Russian government over CPC's Russian shareholder.

Moscow has a 24 per cent share in the consortium. Transneft, the state-owned pipeline company, was expected to be the shareholder, but the delay shows opinions are divided.

The eventual signing is expected to take place in a few weeks. Once it is signed, portions of existing Russian and Kazakh pipeline infrastructure will be transferred to the consortium's control, and contracts will be drawn up for design and procurement to allow building to begin. *Charles Clover, Almaty*

Labour vows tougher laws on race crime

By Liam Halligan, Political Staff

The general election campaign

Tough new powers to crack down on racial attacks were yesterday promised by Mr Tony Blair, Labour leader, in a renewed effort to woo the Asian vote.

Mr Blair said a Labour government would legislate to make racially motivated violence a criminal offence. The Race Relations Act would also be strengthed, giving police and municipal bodies more authority to deal with racial harassment.

"The Labour party's commitment to anti-racism is very clear and well established – we have become a truly one nation party," Mr Blair said in an interview broadcast last night on Zee TV, a UK satellite channel aimed at Asian viewers.

Labour's proposals were criticised by civil liberties groups and lawyers. "The laws as they stand are perfectly adequate to deal with racial attacks," said Mr Steve Silver, of Searchlight, the anti-fascist organisation. "What is needed is the political will to enforce such laws."

Labour is likely to receive support from 70 per cent of Asian voters, up from 64 per cent in 1992, according to a recent Zee TV poll commissioned from the MORI polling organisation.

Asians account for only about 1.5 per cent of the electorate, but there are more than 40 seats in which the Asian voting population outweighs the margin of victory in the 1992 general election.

All three main parties have attempted to woo ethnic voters with Asian-oriented election broadcasts on Zee-TV, using endorsements from successful Asian businessmen.

"The parties realise that it is simply not enough for politicians to go into a temple or a mosque and get garlanded," said Ms Anita Anand, the channel's head of news.

● Labour's lead over the Conservatives is steady at 18 per cent, according to a Harris opinion poll to be published in today's Independent newspaper. It shows support for Labour down 1 point to 48 per cent over the past week, but with the Conservatives also slipping 1 point to 30 per cent. The Liberal Democrats are up two points to 15 per cent with other parties up one to 7 per cent. The survey also suggests that the Labour vote is the most solid, with 80 per cent of their supporters "certain to vote Labour" with only 60 per cent of Conservatives certain to vote for their party.

The Harris figures damp the excitement kindled by an ICM poll in The Guardian newspaper earlier in the week. That suggested Labour's lead had dropped from 14 per cent to only 5 per cent.

But a MORI poll in The Times yesterday indicated that Labour's lead was up over the past week from 17 per cent to 21 per cent.

■ THE LAWYER AND THE BUSINESSMAN

Very few of the 659 MPs in the last parliament were from ethnic minorities, and only three were of Asian origin. When Keith Vaz (left) won a seat in Leicester for Labour in 1987, he became the first MP of Asian origin for 50 years. A lawyer, he was conspicuous in the early 1990s as a champion of depositors in the collapsed Bank of Commerce and Credit International. Mr Vaz, aged 40, has a strong chance of holding his seat. Mr Nirj Deva faces a much harder task in his seat near London's Heathrow airport which he captured for the Conservatives with a very small majority in the 1992 general election. Mr Deva, aged 48, is descended from a line of Sri Lankan businessmen who, like him, attended English universities.

Far-right faction still remote from power

The British National party is much less influential than similar groups in other countries

The 1968 declaration by Mr Enoch Powell, then a Conservative MP, that he foresaw "the River Tiber foaming with much blood" if immigration to Britain were not reduced, is part of British political folklore. After the speech Mr Powell was widely ridiculed, and sacked from Mr Edward Heath's shadow cabinet.

Less often referred to – but still widely known – is the strong increase in Conservative support which followed the "rivers of blood" speech. Many historians have judged that Mr Powell's outburst contributed significantly to the 1970 Conservative election victory.

Immigration in the UK is high and rising – some 55,480 people came from overseas to make their home in Britain in 1996, up from 49,650 in 1989, increasing the total of non-white ethnic minorities to 3.5m, or 5.5 per cent of the total population.

But despite Mr Powell's warning, British race relations are generally quite good. No far-right movement exists with influence comparable to that of Mr Jean-Marie Le Pen's National Front in France, or Austria's Freedom party, lead by Mr Jorg Haider. The British National party, the UK's main far-right grouping, is a political gnat with no hope of winning a seat in the general election on May 1.

While refusing to disclose its true strength, the BNP is believed to have only 600 members, although it has candidates in 55 of the 659 parliamentary districts. Britain's political broadcasting rules, designed to prevent the mainstream parties from monopolising the campaign period, mean that a five-minute BNP election broadcast will today go out on national television and radio.

The broadcast mainly features Mr John Tyndall, BNP leader, trying to convince voters that non-white immigration should be halted and British blacks and Asians repatriated. The prospect of its appearance has caused discontent in the BBC, the public service broadcasting organisation financed by a state-imposed levy on users of television sets.

Staff at the BBC's London headquarters mounted an unsuccessful campaign to stop what is the first BNP broadcast in 14 years, with several hundred signing a petition initiated by the Anti-Nazi League. BBC officials say they are powerless to stop the broadcast, as it is not libellous or in breach of race relations legislation.

Searchlight, an anti-fascist organisation, argues that any broadcast by the BNP could be deemed illegal, claiming it would be intended to incite racial hatred.

The BNP's broadcast has also been condemned by Britain's National Assembly against Racism. "This transmission is outrageous," the organisation said. "We are livid that taxpayers' money is being used." Other critics have protested that many of the BNP's candidates have criminal convictions. The party's London agent, Mr Tony Lecomber, has served two jail sentences – for an attempted bomb attack on a leftwing meeting hall and a violent assault on a Jewish teacher.

Most mainstream politicians have steered clear of the row. Mr Jerry Hayes, Conservative candidate for Harlow, a district where the BNP is standing, said: "The BNP will get such a low vote they'll be exposed for the scum that they are." But Mr Michael Howard, home secretary, yesterday defended the BNP's right to make an election broadcast.

"The biggest mistake we can make is to encourage alliances between those whose views we abhor and those who want to encourage free speech," he said.

Cynics will say Mr Howard is trawling for votes. But tough immigration policies have minority appeal. According to MORI, three-quarters of Britons think existing immigration legislation is too strict, or about right. Yet that still leaves around 20 per cent of the population who want immigration controls made tighter.

Liam Halligan

Government is accused in EU 'poverty' report

By Caroline Southey in Brussels

The UK government was yesterday accused in a report approved by the European parliament of incompetence in distributing EU funds targeted at poorer regions. The report was prepared for the parliament's committee on regional policy by Mrs Arlene McCarthy, the Labour MEP for the Peak District in England.

The UK is the largest recipient of EU structural funds targeted at industrial areas in decline, with 31 per cent of the population, more than any other member state, qualifying for such grants.

The UK's £1.5bn ($2.43bn) annual share of EU structural funds is distributed as grants to regions to boost economic activity and create jobs.

"Major problems exist in the UK government's management of the structural funds," the report says. "Key players in the voluntary and private sectors have been deterred from applying for funding because of excessive bureaucracy, conflicting guidance, rigid structures and a general lack of resources to manage programmes effectively."

The report points to delays of up to three years in the allocation of funds for some projects. Small organisations and the voluntary sector have been hardest hit by the government's failure to act once projects have been approved, with many being forced into bankruptcy.

"Programmes regularly start late and approvals are often delayed through inadequate staff in government offices," the report says.

Crucial to the UK's problems is its poor regional structures and the fact that the central government is responsible for managing the funds, the report says.

Mrs McCarthy said even UK government officials believed this had led to a "conflict of interests" since the government was "both the applicant and the manager of the funds".

She said the "lack of accountability" in the UK system was highlighted by the fact that £436m had been channelled into public utilities such as British Gas and British Telecom, which received funds before they were privatised.

UK NEWS DIGEST

Lloyd's move to enforce writs

The Lloyd's of London insurance market is to begin enforcing writs against 1,000 Names who refused to reinsure their losses into Equitas.

The move follows a ruling yesterday in a London test case brought by Lloyd's against three Names – individuals whose assets have traditionally backed the insurance market – that they should pay their losses before suing it for fraud. The judge supported the insurance market's claim that Names should "pay now, sue later" under the reinsurance contract with Equitas.

The defendants will appeal, but Lloyd's said the decision strengthened its hand against Names still holding out. It is trying to recover £350m ($570m) in unpaid debts from Names who did not accept a plan completed last September to reinsure billions of pounds in liabilities into a new company called Equitas.

Ms Catherine Mackenzie Smith, chairman of the United Names Organisation which supported the Names in their defence, said she was "astonished" at yesterday's ruling. She added that moves were afoot to bring a case to the European Court of Human Rights alleging that Names had no access to justice. Another group of Names attempting to sue Lloyd's for fraud in US courts said the decision shewed that English law offered them "no remedies for fraud". *Christopher Adams, London*

■ SHIPBUILDING

P&O order goes to Germany

P&O Cruises, the UK's largest cruise company, yesterday announced it was awarding a £200m ($324m) order for a new liner to a German shipyard.

The Meyer-Werft yard in Papenburg was one of four European shipbuilders to bid for the contract to make the 76,000-tonne vessel, which will be ready for service in 2000. Mr Gwyn Hughes, the managing director of P&O Cruises, said the company had preferred Meyer-Werft because of the expertise the yard had acquired in building the P&O flagship Oriana, which was launched in 1995.

The other bidders were the Italian Fincantieri yard, which is building a £300m liner for the P&O subsidiary Princess Cruises; Masa of Finland and Chantier d'Atlantique of France. *Michael Peel, London*

■ FUND MANAGEMENT

Regulator fines Amvesco $97,000

Imro, regulator of the fund management industry, has fined Amvesco, the asset manager group born out of February's takeover of AIM Management Group of the US by Invesco, £60,000 ($97,200) for breaching its handling of client money rules.

The fine is the third to be levied against Invesco by Imro since 1991. Until last week, when Deutsche Morgan Grenfell was forced to pay a £2m fine, Invesco held the record for the largest fine paid to Imro – £750,000 in 1993.

Imro said yesterday that Invesco had agreed to settle disciplinary proceedings brought following its failure to comply with rules governing how firms compare or reconcile their record of the money held by clients in the bank with the bank's own records. *William Lewis, London*

■ PORTS PROTEST

Trucks freed from blockade

The ending yesterday of the blockade of the French ports of Calais, Boulogne and Dunkirk, intended as a protest [illegible] size of the mesh of fishing nets, allowed thousands of trucks stranded in the UK and northern France to resume their journeys.

The Freight Transport Association called on the French authorities to suspend the truck ban which operates in France at weekends to allow drivers to complete their journeys more quickly. The fishermen ended their protest at 12.00 UK time yesterday after a meeting in Paris between their leaders and the French agriculture minister, Mr Philippe Vasseur. Sir George Young, the chief UK transport minister, said he would press the French authorities to compensate hauliers caught up in this week's dispute and the blockages by French hauliers last November. *Charles Batchelor, London*

■ NORTHERN IRELAND

French company warns strikers

Montupet, the French car components manufacturer, warned yesterday that it may have to close its Northern Ireland factory unless workers today end an unofficial two-week strike which has halted production.

More than 280 workers taking part in the strike ignored a deadline yesterday to return to work, following a mass meeting outside the factory gates. The company issued dismissal notices to 20 striking workers on Wednesday, and wrote to all employees engaged in the strike warning that they would all be dismissed.

Mr George Senninger, the chief executive of Montupet Northern Ireland, has issued all employees with an ultimatum to be at the factory this morning. The Amalgamated Engineering and Electrical Union has consistently spoken out against the unofficial strike, which was triggered by the alleged sacking of two fitters at the Belfast factory. Montupet says the two men were not dismissed as the strikers claim. *John Murray Brown, Belfast*

■ INWARD INVESTMENT

Amec to build plant for LG

Amec has been named as preferred contractor to build a semiconductor manufacturing plant at Newport in south Wales, part of a £1.7bn ($2.75bn) investment by LG of Korea. It forms, together with an adjacent consumer electronics plant proposed by LG, one of the largest ever inward investments in the UK. Total cost of the semiconductor wafer plant is expected to rise to more than £1bn after spending on plant and equipment. The plants will employ more than 6000 workers. *Andrew Taylor, London*

Scots mine goes into liquidation

By James Buxton in Edinburgh

Monktonhall, the troubled coalmine near Edinburgh in Scotland, has gone into liquidation after its management concluded that severe flooding of its only working face had put an end to its continued operation.

Waverley Mining Finance, the quoted company which bought Monktonhall from a consortium formed by miners who had each invested £10,000 ($16,200), said it had withdrawn its financial support.

The loss of production and the likely cost of removing the water made the reopening of the mine, which has been run on a "care and maintenance" basis since last month, untenable.

Monktonhall became a *cause célèbre* in the shrinking coal mining industry in the early 1990s when mineworkers formed a consortium to lease it from British Coal, the former state-run body, which had mothballed the mine in 1987.

Unable to raise outside finance, the consortium collected £1.5m in £10,000 shares from about 150 members, some of whom remortgaged their homes to raise the money.

But the consortium was in trouble within a few months of starting production in 1992. Equipment did not work properly and the miners encountered geological problems. In its first financial year, Monktonhall Mineworkers lost £3.7m.

In spite of being nearly bankrupt, the miners rejected a takeover bid from RJB Mining which would have valued their stakes at £1,000 each.

Early in 1994 they sold 49 per cent to Waverley for £300,000, which then embarked on a £7m investment programme. In 1995 Waverley decided that a further £15m investment was essential and bought out the miner-shareholders. Each received shares in Waverley.

With Monktonhall going into liquidation, there is now only one operating deep mine in Scotland, which is run by Mining (Scotland), a consortium in which Waverley has a 27 per cent stake.

Monktonhall will revert to the Coal Authority, the successor to British Coal, which administered the immense state-owned mining industry of the past.

Monktonhall, which normally supplies a nearby power station, was placed on care and maintenance in March, when coal cutting was made impractical by the severe inflow of water. The flow has since increased.

"It has reached a point where water was coming in faster than it was being pumped out, and we realised it would take eight months to drain," said Mr William McLucas, the managing director of Waverley.

NEWS: THE AMERICAS

■ Oklahoma bomb trial starts ■ McVeigh accused of killing 168

Internet spurs US fear of fanatics

Americans dug in yesterday for the start of the most celebrated terrorism trial in the country's history, as lawyers outlined the case for and against Mr Timothy McVeigh, accused of killing 168 people in the bombing in 1995 of a federal building in Oklahoma City.

The state of siege is both psychological and physical: the Denver courthouse is ringed by steel and concrete, the jurors are numbered and screened to protect their identity, and everyone involved in the case is under gag order from the court. Nationwide, commemoration of the worst terrorist act on American soil has fed a fear verging on paranoia.

"Expect more bombs," says the headline of a study on anti-government extremism published recently by the Southern Poverty Law Center, which tracks rightwing militia groups. "In the next few years, we're going to look more and more like Northern Ireland," adds Mr Jack Levin, director of Northeastern University's Program for the Study of Violence and Conflict.

Academics and law enforcement experts say the popularity of militia groups has grown since Oklahoma City, with the number of identifiable groups rising by 6 per cent since 1995. The Southern Poverty Law Center says there are now 441 armed groups in 50 states.

But all the experts admit such figures are of dubious accuracy: most of the groups are tiny, leaderless cells which operate underground, with no overall command structure. And as fanatical individualism is one of the qualifications for membership, it is hard to foresee the groups posing a co-ordinated threat to American domestic security.

Law enforcement experts worry that the Internet could change all that. "The computer is the most vital piece of equipment in the patriot movement's arsenal," says the Southern Poverty Law Center report, using the militia groups' self-proclaimed label of "patriots". "It has given people who might never have crossed paths an opportunity to build alliances based on their common hatred for the federal government."

Using their own PGP ("pretty good protection") encryption software, militia groups maintain web sites and chat rooms on the Internet. There they offer advice on armed combat – including hints such as "incoming fire has the right of way", and "never draw fire, it irritates those around you". But they also run a home-shopping network for everything from *materiel* to survivalist videos.

Mr Brian Levin, director of the Center on Hate and Extremism at Stockton College in New Jersey, estimates that the Internet and postal militia shopping business is worth at least $100m a year.

Scene of the Oklahoma bomb outrage shortly after the blast Reuter

Survivalists can learn to preserve food for the coming siege from a video marketed by the Oregon-based Christian Patriot Association, entitled "Dry it – You'll Like It!" And for conspiracy theorists, well represented in militia ranks, the patriot presses carry stories with headlines such as "The mark of the New World Order: an ID biochip in your right hand!" – warning of a government plot to implant surveillance microchips in all newborn babies.

Hysteria over the presence of rightwing groups on the Internet fuels the general sense of national vulnerability, while the image of the Net has suffered from publicity linking it to the recent mass suicide of cult members in California, and to pornography.

But Mr Jack Levin warns that it is a mistake to focus on the colourful, lunatic fringe of armed extremist groups. "The real threat is not from the militias but from the mainstream," he says. "More and more Americans are going to the margins for solutions to their problems." More people than ever, especially in the centre, have "given up on America". He believes their motivation is largely economic rather than ideological: "What inspires them is not guns but butter."

More likely, both. The common denominator among such groups – whose membership is probably in the tens of thousands – is hatred of the federal government, with a potent threat of white supremacism. But beyond that there are more differences than similarities between them. Some are fanatical abortion opponents, others gun rights activists, but many are simply afraid not just of a new world order of black United Nations helicopters, but of a new global trading order.

Only a tiny fringe react by playing at terrorism, conducting weekend war games in suburban woodlands. But opinion polls show that, though actual acts of violence are very limited, alienation is pervasive. According to a recent US News and World Report poll, 71 per cent of men without a college degree say the federal government interferes too much in people's lives.

But Mr Brian Levin says anti-government extremists are finding it "harder to mine the mainstream" since last year's election, which marked a pendulum swing back to the political centre.

He acknowledges that fear of extremists is overdone: "The odds of being killed by an asteroid are larger" than those of being killed by a terrorist in America, he says. But, he adds, "our fears don't conform to the statistics".

Patti Waldmeir

AMERICAN NEWS DIGEST

Clinton push on treaty

President Bill Clinton yesterday made an eleventh-hour bid to secure the Republican support needed to ratify a treaty outlawing poison gas, ahead of a crucial Senate vote on the accord last night.

He assured Mr Trent Lott, Senate majority leader, in a letter that the US would withdraw from the chemical weapons convention if it proved not to meet several specified conditions. Mr Lott called Mr Clinton's pledge "a major and dramatic move in the right direction" likely to influence his thinking. But Mr Lott did not say how he would vote.

The Senate's decision is widely viewed as a test of Mr Clinton's authority and of political support for continued US international commitments. Mr Clinton's pledges yesterday were designed to meet complaints by treaty opponents who object it is intrusive, unenforceable and ineffective. *Guy de Jonquières, Washington*

Fujimori popularity soars

President Alberto Fujimori's popularity has soared after the successful raid on the besieged Japanese ambassador's house on Tuesday, an opinion poll showed. A survey by polling agency Apoyo SA conducted the day after the raid showed Mr Fujimori's popularity shot up to 67 per cent from 38 per cent four days ago, Apoyo director Alfredo Torres said. The poll showed 84 per cent approved of the assault, in which commandos rescued all but one of the 72 hostages alive. Only 10 per cent disapproved.

Two soldiers and all 14 of the Tupac Amaru Revolutionary Movement (MRTA) guerrillas died in the 40-minute gun battle.

Mr Yukihiko Ikeda, Japanese foreign minister, arrived in Lima early on Thursday to congratulate Mr Fujimori and hear first hand how the 18-week-long hostage crisis was ended. *Reuter, Lima*

Menem signs airport decree

President Carlos Menem of Argentina yesterday signed a decree to privatise the running of the country's main airports, after congress failed to approve legislation for the sell-off. The first wave of privatisation covers 28 out of 53 airports, including the international and national airports of Buenos Aires. The government will sell a concession to run the airports for 30 years, to a single operator.

The government hopes the winning bidder will make an initial investment of about $250m in upgrading the airports. Mr Jorge Rodriguez, cabinet secretary, said yesterday more than 15 international companies had expressed interest in running them.

The privatisation has been dogged by controversy. In some airports services such as duty-free shops and cargo deposits are already run by private companies. Air traffic control and security will remain the preserve of the air force. *Ken Warn, Buenos Aires*

Puerto Rico phone sell-off

The Puerto Rican government has put the island's telephone company up for sale. The company, which had a monopoly on telephone services in the US possession in the north east Caribbean, has assets of $2.2bn. The company, with a network of 1.5m lines, made a $27m profit in 1995. *Canute James, Kingston*

Brazil may delay selling off mining giant

By Geoff Dyer in São Paulo

The Brazilian government said yesterday the privatisation of the mining giant Companhia Vale do Rio Doce (CVRD), scheduled for next Tuesday, might be delayed because of the barrage of legal actions against the sale.

Mr Antoniò Kandir, planning minister, said it was possible the auction would have to be put back a few days, although he was "confident" it would take place. Over 60 legal challenges have been lodged.

Mr Kandir spoke after the supreme federal tribunal, the country's highest court dismissed a legal case brought by the order of Brazilian lawyers claiming the sale was unconstitutional. The court did uphold an injunction which prevents the government from including in the sale 411,000 hectares of land at Carajas in northern Brazil.

Mr José Pio Borges, vice president of the National Development Bank (BNDES), organising the privatisation, said the injunction would not affect the government's plans because it concerned only land rights and did not concern the company's mining rights.

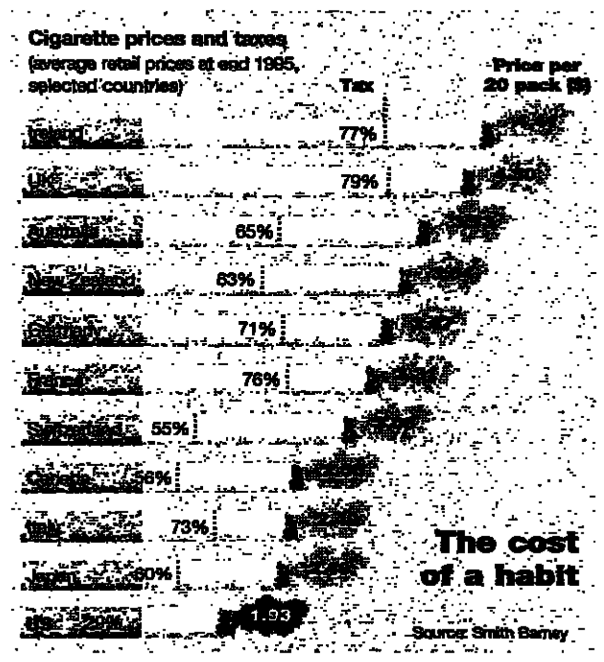
The government plans to sell a 40-45 per cent stake of voting shares in CVRD to a consortium of industry buyers at a public auction at the Rio de Janeiro stock exchange for a minimum price of R$3.3bn ($3.1bn).

Two consortia are planning to bid in the auction. One, called Valecon, will be led by Grupo Votorantim, the largest family-owned company in Brazil, and Anglo American, the South African mining group. Other members include Caemi, the Brazilian mining company, two Brazilian pension funds, Centrus and Sistel, and a group of 12 Japanese companies, led by Nippon Steel.

The other will be led by Companhia Siderúrgica Nacional (CSN), the largest steelmaker in Brazil, and is expected to include four Brazilian pension funds, Suzano, the pulp and paper group, Nations Bank of the US and Opportunity Asset Management, an investment fund.

CSN has also been in talks with Gencor, the South African mining group.

Hopes for end to tobacco wars as talk turns to financial pay-off



It may be difficult to believe but US cigarette makers and their deadliest foes have been attempting to negotiate a lasting peace in the tobacco wars for three weeks.

Analysts say the two sides have not reached the stage where they have begun to talk about money: but when they do, the settlement may look rather different from the version so far presented.

According to last week's leaks, the deal under discussion would see US cigarette makers paying $300bn into a smokers' compensation fund over the next 25 years and accepting tough new curbs on advertising in return for immunity from lawsuits claiming health damage or addiction.

Back-of-the-envelope calculations indicate that the financial penalty, though superficially vast, would have little effect on tobacco companies' profits. The net present value of a sum of $300bn paid over 25 years is probably about half that amount in today's money, and in any event could be offset by raising cigarette prices by about 50 cents a pack.

But trickier issues may arise when deciding how the penalty should be applied. If it were to be shared between the tobacco companies to punish them for their perceived wrongdoings, questions would arise over how each company's wrongdoings should be calculated and how the penalty should be apportioned.

The settlement would also have to allow for the possibility that one or more of the companies might not be around in 25 years.

Another issue arises over the case of new entrants to the market with no history of wrongdoing in the US. Once the US tobacco companies had accepted a financial penalty and raised their cigarette prices, what would prevent overseas companies or newly-formed domestic companies from entering the market and using their penalty-free status to wipe out the US tobacco companies with lower prices?

Mr Gary Black, a tobacco industry analyst at Sanford C. Bernstein, says the solution is simple: company contributions to the $300bn compensation fund would be calculated not by reference to the past, but according to the companies' prospective market share, with adjustments made for any differences in the actual out-turn at each year's end.

"Basically, you can look it as a 50 cent per pack tax: that's how it will work," Mr Black says.

But Mr Martin Feldman, an analyst at Smith Barney, says the levy will not just look like a tax. In fact, he predicts, that is precisely what it will be: a simple, federal tax increase aimed at narrowing the gap between cigarette taxes in the US and those in other countries.

Mr Feldman says that, thanks to a combination of American hostility to taxes and the strength of the tobacco lobby in Congress, US cigarette taxes, which averaged just 29 per cent at the end of 1995, are among the lowest in the world. Nearly all western nations, and even many developing countries, have higher rates: in Mexico, for example, the end-1995 figure was 53 per cent.

The proposed curbs on advertising, says Mr Feldman, are aimed at closing a similar gap. Thanks once again to the power of the tobacco lobby, restrictions on advertising in the US are much less onerous than those in many other countries.

While the Marlboro Man still rides in the US, for example, he has long since been killed off in Britain under curbs voluntarily accepted by the tobacco industry: and in France, cigarette advertising is banned outright.

"The US has fallen behind the rest of the world in terms of taxation and regulation of tobacco, and the new deal, whatever it might do, will provide a large degree of catch-up," Mr Feldman says.

Even after the catch-up has taken place, US cigarette taxes will still be among the lowest in the west, and the advertising restrictions will be among the least onerous. Yet if the deal goes through as proposed, the tobacco industry will have something that it has in no other country in the world: immunity from the unquantifiable threat of multi-billion-dollar lawsuits.

Seen in that light, cynics say, it is a little less wondrous that the tobacco companies are negotiating with their foes – or that their stock prices shot up on the news.

Richard Tomkins

California term limits law rejected

By Christopher Parkes in Los Angeles

California's stringent law on political term limits, which bars state assembly representatives from serving more than six years, has been overturned by a federal court amid a storm of protest from Republicans.

The ruling is expected to encourage opponents of similar legislation in 20 other states to follow the Californian example, and is a landmark victory for Democrat opponents of the law, approved in a referendum in 1990. It is also a further blow to the Californian system of legislation by popular ballots on such "initiatives", which has spawned a multi-million dollar lobbying industry and is increasingly hampered by court challenges.

District judge Claudia Wilkens said the state's "extreme version of term limits imposes a severe burden on the right of its citizen's to vote for candidates of their choice".

The ban on assembly representatives ever standing again after three two-year terms suggested legislative experience was "undesirable and that all voters should be prohibited from voting for candidates possessing that trait," she said.

Although implementation of the ruling was suspended pending appeal, a bill was immediately introduced in the Sacramento assembly to reinstate a slightly modified version of the law.

It was good for government, said Mr Howard Kaloogian, the bill's Republican backer. "It has improved the quality of the people in the legislature by bringing in people from the real world and getting rid of the professional elitist ruling class," he said. Opponents say the lack of experience in Sacramento politics has a contributed to a legislative log-jam.

The most eminent victim among those forced out of office by the law was Mr Willie Brown, assembly speaker, last year elected mayor of San Francisco.

UK BUSINESS PARKS

Many businesses are now appreciating that relocating to an out-of-town site can reap a wide range of benefits. Investors, meanwhile, face several hurdles, writes **David Lawson**

Tenants focus on efficiency

Finance directors across the UK will be suffering a nasty attack of the jitters in one week's time. Facial tics and endless cups of coffee will not be due only to headlines announcing the tenant of 10 Downing Street.

Friday will be the day when computers are deliveringthe inevitable glitches of the first month of a tax year. Desks will lie thick with bills – gas, electricity, telephones, cleaning, security and, of course, the quarterly rent demand. All will need processing before the looming weekend and public holiday.

Not a problem to bother the property industry, you might think. Political trends should be far more significant to a sector buffeted by planning controls and watchful for further restrictions on greenfield development and traffic generation.

Wrong. The industry sees so little difference between the two main parties over these issues that it is almost indifferent to who wins power. "The only clear blue water you see in this sector is part of the landscaping on our parks," says one leading agent.

Any further restrictions by either shade of government hold little fear for Mr Patrick Deigman, chief executive of Arlington, Britain's dominant business park developer. That could be put down to the 12m sq ft of unused planning permissions his company has still to exploit. But he prefers to stress that successful developments have already been doing what the politicians want.

"We anticipated these demands long ago by providing facilities such as public transport," he says. "That is what tenants want." This flexing of occupier muscle is the key to the future of the sector. It is the basis of changes which could revolutionise business parks over the next decade.

Mr Deigman points out the "mistaken belief that business parks sprang up only because companies wanted to move out of town to pleasant countryside locations." That factor was important, but the real influence was to increase efficiency, he says.

A study by Price Waterhouse, the accountants, showed how productivity has increased among occupiers after moves onto parks. This is being picked up by a wider band of occupiers, broadening the tenant mix on parks from the original high-tech pioneers.

Accountants KPMG has pulled out of local town centres to centralise audit operations at Arlington's Reading park. Barclaycard moved out of Northampton to a business park. The need for drastic cost-cutting has outlived the recession, however.

In a low-inflation, high-competition economy, occupation costs will continue to come under pressure, says Mr Tim Heatley, head of business parks at property adviser Grimley. How the property industry responds will be crucial to survival.

That means working with occupiers to further increase efficiency. Those service bills, for instance, take up not only vital cashflow but an enormous amount of staff time. Business park landlords could take over the responsibility. Bulk-buying alone can save as much as 30 per cent on bills such as power, phones and administrative services, says Mr Deigman, who is already testing this kind of service on a couple of his parks.


This 112,000 sq ft speculative office development is at Bedfont Lakes, west of London

But he sees even bigger changes before the end of the decade. Moves being pioneered by the government private finance initiative (PFI) could see finance directors facing a single bill each month for all occupancy costs – including rent. Occupiers want to concentrate on their core business rather than fiddle around with property matters, says Mr Deigman.

Business parks could spark this revolution. They are usually controlled – if not owned – by a single decision-maker. That makes it easier to plan and manage communal services such as landscaping, utilities and telephones. Economies of scale also arise when security, cleaning and catering can be supplied for groups of occupiers.

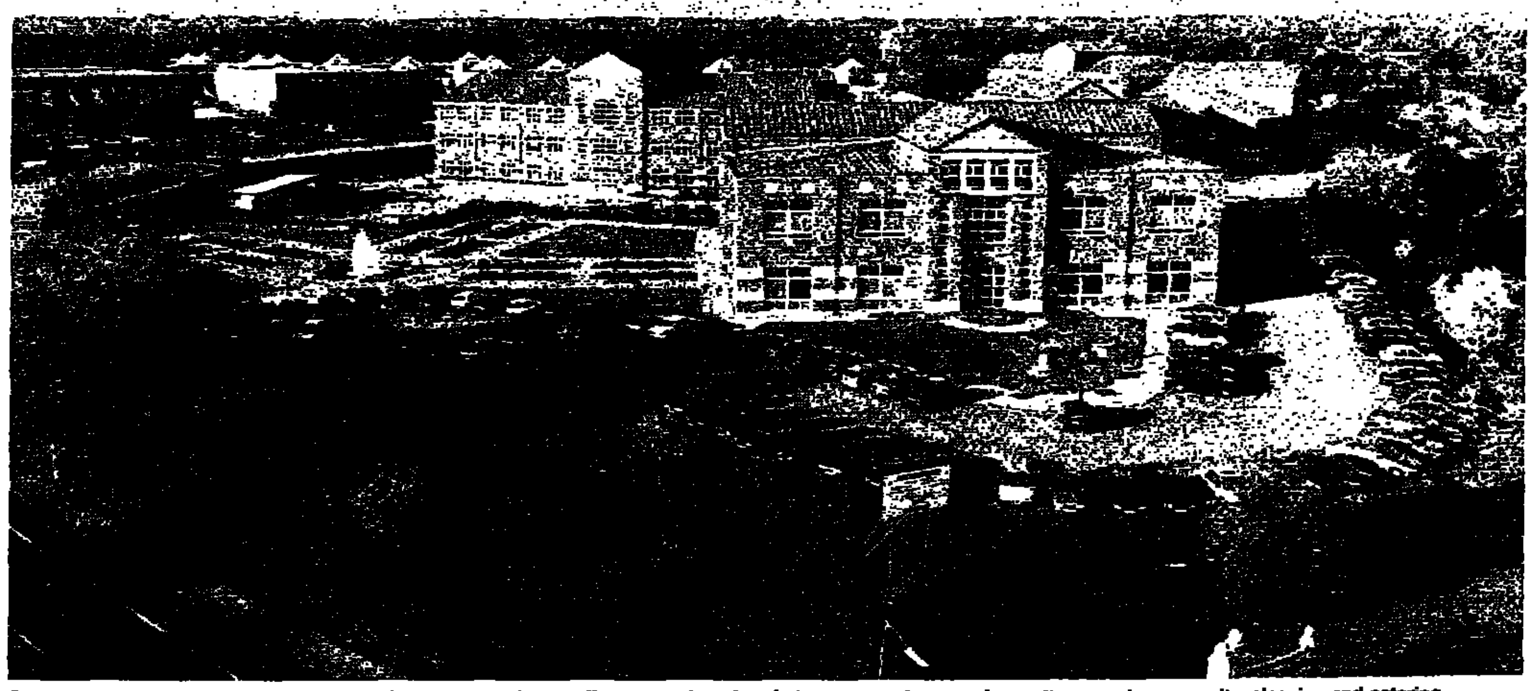
There are big hurdles to leap, not least the attitude of investors, who will bridle at the loss of long leases, regular rent reviews and rising asset values. But another revolution is under way which could help to clear those barriers. The industry is trying desperately to improve liquidity by securitising property – in effect, splitting investments into more manageable chunks. This would suit business parks, which offer a range of occupiers to spread risks and returns.

"Institutions basically want cashflow, and new kinds of management applied to business parks seem an ideal solution," says Mr Andrew Martin, investment partner at Strutt & Parker. Ironically, while politicians foment about restricting greenfield development, there may not be enough parks to satisfy either investors or occupiers by the next decade.

Mr Tony Fisher, head of regional offices at Chesterton, says that apart from a couple of big schemes such as the Prudential's 2.5m sq ft Reading park, no land has been earmarked in south-east England for eight years. Central and local government have to accept that occupiers will not move to poor locations, and get on with planning infrastructure for more parks, he says

And it had better happen fast. Mr James Kennedy Cooke, of DTZ Debenham Thorpe, points out that the 13m sq ft of existing planning permissions across the country appears to offer eight years' supply but may never be built. A study of tenants shows they demand a high level of amenities, and many sites could not meet their requirements.

"The days of buying a field and chucking up buildings are gone," he says.


Out-of-town parks, such as this one at Farnborough, are able to offer economies of scale to a group of companies on items such as security, cleaning and catering

RETAIL • by David Lawson

Out-of-town shopping matures

Large companies are pushing up rents - and giving parks a more elegant image

The movement of retailing away from town and city centres has taken the market by storm in recent years. Behind an ugly duckling image of big sheds, paint pots and flashy furnishings is a sector that has easily outperformed every other kind of property.

Investment returns held up even in the recession of the early 1990s to average 9.3 per cent in the 15 years to 1995, according to the Investment Property Databank. But there is even better to come.

Tough planning restrictions on new development, growing spending levels and fierce competition for space could see top rents hitting £70 a sq ft within two years and £85 by the end of the decade, says Mr Edward Farrar of property consultants Colliers Erdman Lewis (CEL). He says there are already examples of as much as £50 per sq ft being offered for sites and deals going through at £38 per sq ft. Only five years ago rents of more than £12 were rare.

These much higher levels have to be put in perspective, however. Retail warehousing has been around since the early 1980s and most is still based on the original food, DIY and furnishings trade. Mr Farrar points out that most are paying around £10 a sq ft. But some large companies such as Next, River Island and Burton are moving in, paying big rents and helping change the ugly duckling image into a more elegant swan.

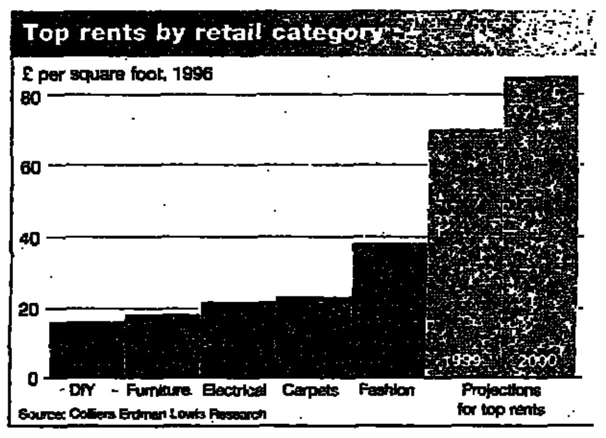
In fact, the whole approach is moving towards the glossier atmosphere of business parks. Retail units are much smaller – typically 120,000 sq ft on eight acres. The buildings have traditionally been more basic – essentially just a big tin box which retailers individualise with their logos – but now the neon signs are going up. Values are soaring, however. While still the baby of the property industry, investment in these parks is already worth more than £5bn - about a quarter of the Investment Property Databank retail portfolio, says CEL.

The drive towards higher rents is coming from increasing competition and shortage of space, which has driven large town centre stores to find new outlets, says Mr Gerard Gillingham of Knight Frank. These fight for sites with "open A1" planning consents, which allow almost a free choice of what to sell.

"Institutions have realised that the scope for rent growth is considerable," he says. Even at projected levels, unit costs are lower than town centre sites.

Growth in rentals is likely to be fuelled by the fact that planning controls are becoming no easier, so demand is likely to outstrip property available. But whether that growth can continue at projected rates is debateable. Tenants such as DIY stores are finding rents a strain and early investors have already stopped buying, citing high prices. But those still looking for a foothold will continue to force the pace, says Mr Farrar.

Top rents by retail category



Source: Colliers Erdman Lewis Research

INDUSTRIAL • by David Parsley

Quality space is at a premium

Old sites are being rebuilt to become powerful forces in industry again

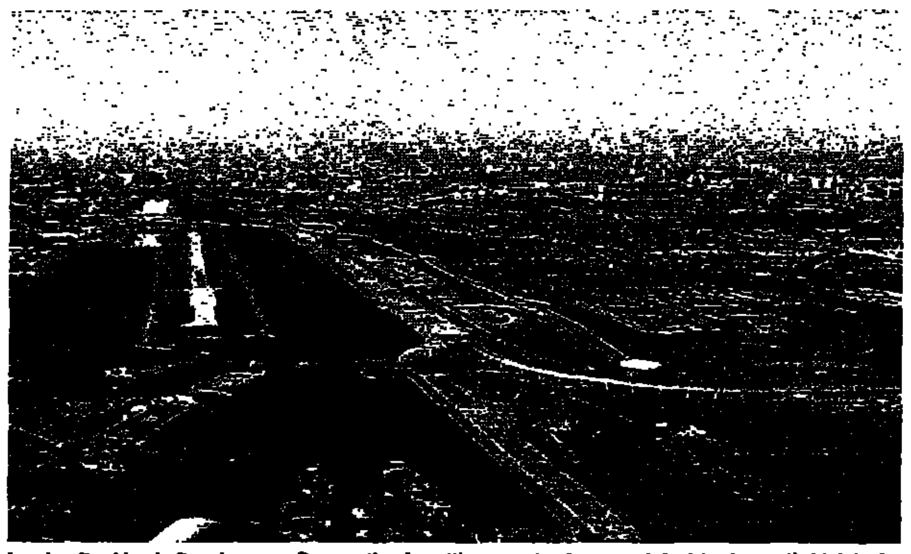
Away from the dizzy heights of massive office lettings and overseas investment, the property world's less glamorous industrial agent has quietly been experience something of a resurgence over the last year. Large industrial and manufacturing requirements continue to be evident in the market place, returns for developers look steady, while rents are rising.

The level of vacant industrial floorspace in the UK has been on a consistent downward trend since August 1993, with availability down by around 21 per cent. The resulting shortage of quality space and limited speculative development has led to a rise in bespoke development, not only in the traditional market for large manufacturing and distribution facilities, but also at the smaller end of the market in locations where occupiers are unable to find existing property to suit their requirements.

The increases in demand are, unsurprisingly, leading to rent rises. The little prime space available will now fetch up to £6.50 a sq ft in south-east England, a considerable improvement on the rents – as low as £4 a sq ft – being achieved for the same space in the early 1990s.

Mr John Sleeman, who carried out research for property agents King Sturge, says: "The availability of new space has fallen twice as fast since August 1993 as the total for all industrial space. Across England and Wales, new supply fell by just over 50 per cent between August 1993 and the beginning of this year. This reflects very limited speculative development over the past five to six years and stronger occupier demand for new or modern space, compared with older stock."

Mr Sleeman's figures show that at the beginning of this year, new property comprised only 6.6 per cent of the total available industrial stock, compared with a peak of 23 per cent at the height of the development boom in 1989.


London Docklands Development Corporation is setting up a business park just to the north (right) of City airport. Norton Healthcare is to move its European HQ, including research facilities, to the park

The industrial property market in England and Wales*

	Available space	Vacancy (%)**	Taken up in 1996	In pipeline 1997	In pipeline Later
England & Wales totals	13.386	5.7	1.957	0.104	0.381
North	0.661	4.8	0.102	0.006	0.079
North-west	1.944	5.7	0.432	0.009	0.131
Yorks & Humberside	1.470	5.2	0.068	0.026	0.109
Wales	0.880	8.5	0.087	0.019	0.067
West Midlands	1.618	4.8	0.291	0.010	0.143
East Midlands	1.175	4.7	0.216	0.009	0.094
East Anglia	0.504	5.5	0.049	0.001	0.028
South-west	0.927	5.2	0.144	0.004	0.092
South-east	4.207	7.3	0.484	0.016	0.276

* Buildings over 500 sq metres, as at mid-December 1996; ** of total industrial property
Source: King Sturge

He adds: "In general, statistics support the view that most markets are polarised between a relatively tight supply of new and good quality modern stock and an abundance of secondary industrial premises, for which there is relatively limited occupier demand."

However, investors in older industrial space do not need to give up hope of success just yet. Drivers Jonas, the chartered surveyors, and the Investment Property Databank have compared the performance of modern industrial accommodation to older units and found reasons for optimism for those feeling depressed after considering Mr Sleeman's comments.

The research to be published next week, finds that older industrial parks can equal, or even out-perform, their more modern and highly specified counterparts. Between 1990 and 1995, total returns from multi-let sheds constructed during the 1970s were almost double – at 8.7 per cent – the returns from their 1990s counterparts – which averaged just 4.6 per cent. These figures even take into account the cost of refurbishing the older properties. The 1970s space showed consistently higher rental growth and provided higher returns throughout almost the entire study period, which ran from 1985 to 1995.

With regard to location, Drivers Jonas found region-by-region performance does not vary significantly from the national picture, with older industrial parks performing as well or better than modern sheds in all parts of the UK. In fact, industrial parks built in London and the south during the 1970s have shown the highest rate of income return over the last five years at almost 14 per cent, compared with just over 11 per cent for those built in the 1990s.

Mr Howard Richards, a partner at Drivers Jonas, says: "It is clear that older industrial estates, particularly those that have been actively managed by entrepreneurial owners, can at least equal the performance of their more modern and higher specified competitors. This can mainly be accounted for by the implementation of positive management by increasingly sophisticated owners."

Despite the difference of opinion on the situation facing older industrial property both Mr Sleeman and Mr Richards talk of an improving market. A big reason for this has been attributed to the manufacturing companies themselves, who learnt some hard lessons both in the recent recession and the 1970s.

Automotive components companies are among the most important occupiers in the sector, and are deriving the benefits of inward investment from companies such as Nissan and Honda as well as the home car market. In what is fast becoming a revitalised heart of British industry, the Midlands has shown that sites such as the old Rover headquarters in Coventry can mature and become a powerful force again.

Grimley's national head of business parks, Mr Tim Heatley, believes the West Midlands in particular has reason to remain confident for the future. He is a strong advocate of increased integration of business parks with offices sitting alongside industrial projects.

Mr Heatley says: "Arlington's Coventry Business Park is a good example of a redundant site being rejuvenated by a mixed use development and spurred on by the automotive industry. Since the late 1980s, developers have realised that pure office parks may not always produce the best solution to a site which could also gain planning consent for industrial space.

"As far as the automotive industry is concerned, the West Midlands offers a skilled labour force with a great deal of experience. These companies need a large amount of pure industrial space but will also require some B1 office accommodation."

Like all sectors the industrial property market is clearly improving. It even has solutions for the second-hand elements, which is more than can be said for those glamorous office agents.

Institutions give conflicting messages over preparations for single European currency

Central bank hits at Emu 'complacency'

By Wolfgang Münchau and James Buxton

The Bank of England and leading commercial banks yesterday gave conflicting signals about the need to prepare for the European Union's single currency.

The Bank of England, the UK central bank, warned yesterday that some UK-based banks had become "complacent" in their preparations for the single European currency.

Mr Andrew Buxton, chairman of Barclays Bank, earlier admitted that Barclays would not invest the millions of pounds needed to prepare its UK retail branch network for the single currency.

Sir Bruce Pattullo, governor (chairman) of Bank of Scotland, a UK clearing bank, went even further. He told The Scotsman newspaper that "the risks are quite high and the benefits quite modest. I think Emu will happen one day but I think it should be postponed".

The Bank of England clarified later that its warning was geared towards wholesale operations of UK-based financial institutions, and denied that it was intended as a criticism of a particular bank.

But the conflicting messages suggest that it is becoming increasingly difficult to encourage preparations at a time when Britain's future membership of Emu remains in doubt.

Privately, senior UK officials already admit that German banks and companies are much better prepared because Germany is regarded as a certain participant in Emu.

In a report about the preparations on the single currency, the Bank of England warned yesterday that "there may still however be some complacency, perhaps because of expectations that the start date for Emu will be delayed. Such a view would be a high-risk strategy".

It added that "the perceived strength of political determination on the part of Continental European leaders" would make a delay in Emu unlikely. "For planning purposes, the only prudent assumption is that Emu will begin on time," it said.

The Bank also pointed out on the front cover of the report that there were only "428 business days to go before January 1999", the scheduled starting date of monetary union.

Barclays said yesterday that it had a "contingency plan" which it could invoke if the UK was to join Emu in 1999. A spokeswoman said the bank is making full preparations for its wholesale business and for its retail operations in France, Spain and Portugal.

In an interview on BBC radio, Mr Buxton said "what we won't have done is converted our counters [in the UK] so that they can run on dual currencies, which is what is required just before the changeover".

Mr Buxton said he supported the single currency but added that "Britain should not join in the first round" because of the volatile exchange rate of the pound.

Commercial property attracts fund managers

By Andrew Taylor, Construction Correspondent

British financial institutions are poised to re-enter the property development market, having spent most of the past 15 years reducing their investment in commercial property, says a survey.

A study of more than 50 institutions by the Axa Equity & Law insurance group revealed that two-thirds of funds were "either positively involved in new development or had a desire to become so".

The funds – including Mercury Asset Management, Clerical Medical Insurance, Standard Life, BT Pension Scheme, Equitable Life, Prudential and Norwich Union – control investments estimated to be worth more than £40bn ($64bn).

Their renewed confidence in commercial property reflects a belief that rents and capital values are set to rise following a dearth of new development during the 1990s, Axa said.

Mr Ralph Wood, head of property research for Axa's investment management division, said: "A lot of the better quality space built during the property boom has now been occupied. It is becoming increasingly difficult to find large, modern office space in the most sought-after city centres.

"Retail space also is at a premium following government restrictions on out-of-town developments."

The funds also expressed concern that rising interest rates could reduce the attraction of rival investments such as equities and gilts.

A fifth of the funds said they expected to increase their investment weighting in commercial property. Only 8 per cent expected to reduce their weighting.

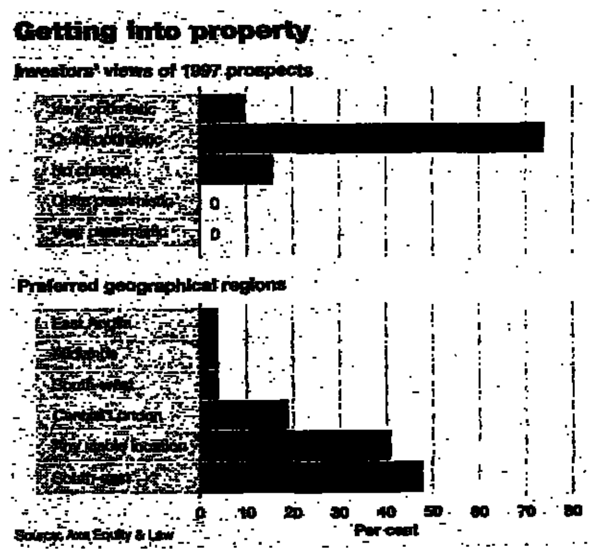
Some 84 per cent said they were more optimistic about the prospects for commercial property than a year ago. Ten per cent were "very optimistic" and none said they were less optimistic.

Since 1981 institutions have reduced the proportion of their investment in commercial property from almost 19 per cent to less than 5 per cent.

More than two-thirds of the funds told Axa that the attraction of property was to diversify their investment risk. Only 20 per cent said property's main attraction was as a hedge against inflation.

London and the south-east of England were identified by 67 per cent of fund managers as the best locations for property investment.

Retail property was the most popular investment with 86 per cent of fund managers. Most managers believed the property sector would continue to recover, regardless of interest rate rises or which party won the general election on May 1.



Strong pound helps widen trade deficit

By Richard Adams, Economics staff

The UK's trade deficit with the rest of the world widened in February, as domestic demand sucked in imports and sterling's strength cut overseas demand for UK goods.

The Office for National Statistics said yesterday that the UK's global trade gap grew to £758m ($1.2bn) during February. The deficit in January was £535m, revised down from an earlier estimate of £641m.

Excluding oil and "erratics", which includes sales of ships and aircraft, the underlying trade deficit rose £150m to £1.34bn, against a £1.19bn deficit in January.

Export volumes fell 1.5 per cent in February. In the three months to February, non-oil exports were 3.2 per cent higher than in the previous three months. But import volumes grew 6.5 per cent in the same period.

London-based analysts at ABN Amro said cheaper import prices continued to offset the fall in exports. "The strong pound has seen import prices fall more quickly than export prices, with the result that the change in the terms of trade remains positive," it said. Import prices fell 2.5 per cent in the quarter to February, and export prices fell 1.5 per cent.

The figures show that in spite of the pound's sharp rise over the past seven months, the trend in exports remains healthy. In the three months to February, underlying export volumes were up 0.8 per cent over the previous quarter, and 7.2 per cent higher than a year earlier.

But imports show a rising trend, which could continue for the rest of the year if the pound does not fall.

● Many UK companies face faltering exports and employment bottlenecks, according to a business survey published yesterday.

The British Chambers of Commerce's quarterly survey said 95 per cent of medium-sized manufacturers – those with 20-200 workers – and 65 per cent of all manufacturers said sterling's level was causing them problems. Export sales in manufacturing and services were at their lowest levels since late 1993, the BCC said. Recruitment difficulties were also widely cited as a concern.

A "small but growing factor" was that competition from cheaper imports was starting to harm manufacturing and services.

OFFICES • by David Lawson

Moves being driven by hope, fear

Fresh demand has yet to stimulate a surge in speculative development

Eyebrows jumped when Computer Associates slapped £10m on the table for 200 acres on Junction 5 of the M4 west of London last January. They rose even higher this month when the software giant applied for permission to build a 250,000 sq ft headquarters building.

The move follows big commitments to new space over the past year by other big names, such as Cisco Systems, Microsoft, Zurich Insurance and ICL. Most have found it in business parks but Computer Associates showed that it was happy to plough its own furrow.

People within the industry put these moves down to a combination of hope and fear. The former is spurred by steady economic growth, which means many companies are bursting out of existing space. Computer Associates will move more than 500 staff from Slough to give it extra elbow room in its new HQ. The fear is that planning controls will restrict expansion. Companies are, therefore, landbanking – taking extra space for future needs and grabbing individual sites where they cannot find business park space.

This is already raising the spectre of shortages, particularly in the south-east, which has two-thirds of the country's parks. But buoyancy is also emerging elsewhere, with big lettings to BT in Edinburgh and FTP Software in Birmingham.

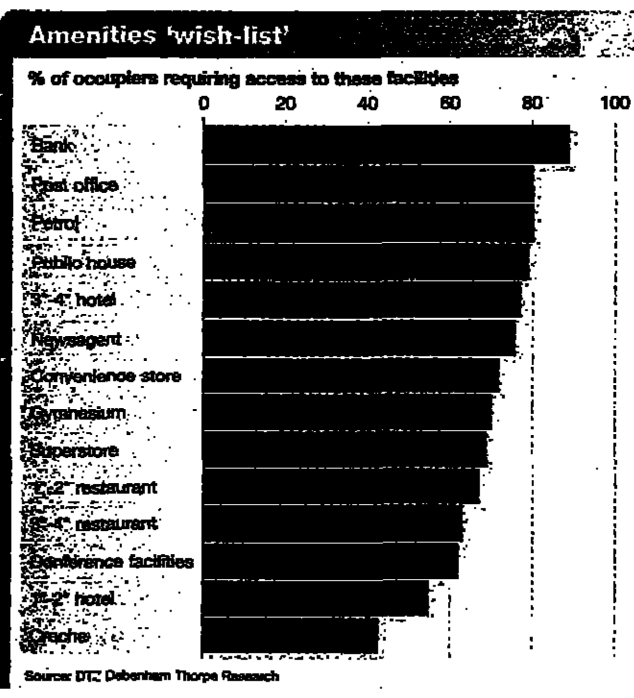
All good news for the industry, particularly as the surge in demand is reflected in the smaller lettings which make up the bulk of the market. At the 850,000 sq ft Birmingham Business Park 20 deals, including sub-lets, have absorbed 93 per cent of available space, says Mr Andrew Martin of agents Strutt & Parker.

"This has laid the bogey that secondhand buildings could be a problem," adds Mr Tim Heatley, head of business parks at Grimley. It is also encouraging for Arlington, the property developer, which has sold more than 2m sq ft of space across the country in the past 12 months and has just put in plans for a park in Manchester.

The revival has yet to stimulate a surge of speculative development, however. UK park construction rose just 6 per cent in the second half of last year, according to Grimley. This kept availability down to a little over 2.6m sq ft and a shortage of space is blamed for a fall of 35 per cent in the volume of lettings.

Rents are also taking time to respond, although Strutt & Parker/Barber White research estimated 6 per cent growth last year and a capital increase of 4 per cent. Incentives, too, are being reduced. This compares with a total return of 3.9 per cent in the Strutt/IPD Index for the previous year.

Notable deals include more than £30m paid by Friends Provident for the 97,000 sq ft Cisco took at Stockley Park at rents of up to £26.80, and the 6.65 per cent yield on a £10m Stargas purchase of the 40,000 sq ft let to a Kingston Telecoms subsidiary in Edinburgh.



Source: DTZ Debenham Thorpe Research

AMENITIES • by David Parsley

More than just a place to work

Achieving the correct balance of additional services can be complicated

Now business parks have become an accepted part of our working lives, those who work on them are beginning to expect a little more than a place to work and a parking space. The only chink, it seems, in a business park's armour is the lack of amenities it offers the workers.

Newsagents, restaurants, pubs and gymnasiums are just some of the facilities occupiers are now demanding from business parks, and developers are being forced to rethink site plans.

Selling agents DTZ Debenham Thorpe have been looking closely at these demands, and their findings show that amenities are now a critical issue for occupiers considering relocation to a business park. Developers must, however, be careful in their choice of amenities. Consideration has to be given to the type of occupier and whether they would be prepared to pay for extras such as conference facilities and leisure clubs.

Mr James Kennedy-Cooke, a director with DTZ Debenham Thorpe, suggests that to achieve the correct balance of amenities is more difficult then may at first seem. Developers cannot assume a bank, newsagent and convenience store will satisfy occupier demands. He believes that the demand for the larger amenities is more complicated.

Mr Kennedy-Cooke says: "Occupiers want, for example, a petrol station, but they don't want the petrol station actually on the business park. The majority want to be able to visit it easily without having it on the park because of the associated increase of traffic within the park. They have similar views on superstores and hotels.

"There is also significantly higher demand for three and four-star hotels rather than one and two-star hotels. It suggests that an expensive hotel is wanted to raise the image of the park and that because the predominant users will be businessmen whose companies will foot accommodation bills. This removes the need for penny-pinching."

A bank, creche and gymnasium are generally wanted within a business park's boundaries, as these are the types of facilities that will be used regularly.

Mr Kennedy-Cooke's comments are echoed by those in the property industry responsible for catering to occupiers' needs. Mr Michael Lowe, a director of Arup Associates, has been considering what Stockley Park, to the west of London, should offer its tenants.

Mr Lowe says: "A number of surveys have been undertaken at Stockley Park to generally assess user requirements. The main emphasis has been on the importance of the park-like environment, where landscape, water features and a rural setting are considered highly desirable."

He concedes that the big disadvantage at Stockley Park is the lack of a food store or delicatessen. This has been clearly identified by users from a survey undertaken in 1994. However, attempts to find an operator have failed because such a store could not be made to pay as it cannot benefit from a wider customer base.

Mr Mike Rolls, an associate director of investment at Prudential, believes that although occupiers' requirements may appear to be simple additions to a business park, some can be a little more complicated.

He says: "The DTZ research suggests that a bank and a post office are the two most sought-after amenities. Although it is helpful to have access to a bank, the difficulty is that there are a number of leading banks and building societies and it would be impossible to have representation from each of them."

Banks are also undergoing a rationalisation programme and are closing branches rather than opening smaller ones. They are even reluctant to install cash machines, because of their high costs.

At the Oxford Science Park, National Westminster Bank has recently closed a branch after five years, despite strong requests. It was unable to replace the branch with a cash machine as one was already installed in a nearby superstore.

Mr Rolls also identifies hotel facilities as a great plus for the modern business park: "A three or four-star hotel is undoubtedly a benefit, particularly for the services it would provide for entertaining and meetings," he says. "The values paid by hotel operators tend to be lower than B1 office site values, but it is sensible to provide a site as this can be developed at an early stage, adding to the park's success.

"Facilities which are not as viable can be subsidised by the business park owner through a lower rent, or a cheaper site value, in order to improve the amenities provision."

Amec Developments, the developer of the £150m Cheadle Royal Business Park in Manchester, north-west England, has found that the convenience of on-site facilities is high on the "wish-list"' whenever an occupier is considering a business park location, particularly when there are town or city-centre alternatives.

Cheadle Royal provides its occupiers with a David Lloyd Leisure Centre, TGI Fridays and a Brewers' Fayre pub and restaurant. The firm's senior development surveyor, Mr Mike Horner, is certain these facilities were crucial in attracting a leading tenant to the park recently.

"The package of amenities offered was an important factor in attracting Independent Insurance to locate its north-west office [at Cheadle Royal]," says Mr Horner. "In addition to location considerations, the company singled out the park amenities and surrounding facilities as important to employees who had been used to a town-based office."

Developer, investors, agent and architects may quibble on what mix of amenities would suit business parks best, but on one thing they are all agreed. For a business park to succeed in today's overcrowded market it is crucial for there to be an extensive mix of facilities on-site which have been carefully integrated into the masterplan rather than added as an afterthought.


Birmingham Business Park demonstrates the creative use of landscaping in a working environment

Philip Stephens

A sterile campaign

Labour's defensive election strategy has squandered the party's most valuable asset – Tony Blair

By common consent this has been the most dispiriting of election campaigns. Britain's Conservatives have been relentlessly negative, Tony Blair's New Labour remorselessly defensive. After five weeks the political landscape lies drenched in a futility reminiscent of the Somme. The purpose has been lost. What matters now, as then, is that the battle should end.

It will. In six days. Before then the combatants will fire another thousand salvoes of insult and invective. The newly-elected prime minister will duly appear on the steps of 10 Downing Street with a promise of a different future as persuasive as that offered at the Versailles peace conference.

We are told it could not have been otherwise. Even to whisper that this campaign might have been fought differently, that the nation could have been offered hope instead of fear, is to invite the scorn and derision of the image-makers and admen who have prosecuted it.

The Liberal Democrats, it is true, say otherwise. They have been admired for their frankness. Paddy Ashdown, the party leader, deserves credit for a refusal to join his rivals in defining patriotism as anti-Europeanism. He may well do better on May 1 than his present poll ratings suggest. That said, Britain's third party is in the business of niche politics. It has no prospect of forming a government, so it is permitted a certain, sometimes feigned, honesty.

The Tory and Labour spin-doctors have a point when they say their campaigns are a reflection of the condition of modern democracy. It was an Democrat aspirant to the White House, Adlai Stevenson, who remarked it was better to lose an election than to mislead the people. He went on to say it was the duty of politicians to talk sense to the American people, to tell them there were "no gains without pains".

He lost the 1952 election to Dwight D. Eisenhower. President Bill Clinton puts a rather smaller premium on idealism. And Mr Clinton, a role model for many in New Labour, is the first Democrat since Franklin Roosevelt to win two terms.

There is no mystery either in the Conservatives' decision to fight the election as the opposition party. John Major's recent record on the economy is not at all bad. There will be a price to be paid after the election for the tax cuts which came before it, but inflation and growth both running at around the 3 per cent mark are worth having.

Mr Major has precious little else to sell. His new-found Euroscepticism does have resonance on the doorsteps. A few days on the road during this campaign has persuaded me that, in their narrow judgment of the mood of the nation, the sceptics are right. The poisonous drip-drip of Europhobia has had its effect. It can be reversed, but that will take years not weeks.

This though is policy foisted upon Mr Major by an ungovernable party. It reminds us how tenuous is his grip. Some of his so-called friends will tell you that if he is re-elected he will be ruthless. By this, they mean his first act will be to sack the pro-European Kenneth Clarke. Surreal though it may seem, others ponder whether the Tory candidates who have so openly derided his wait-and-see approach to the single currency might yet decide to oust a re-elected Mr Major from No 10.

There is nothing remarkable or sinister in the election War Book prepared by Tony Blair's advisers and leaked this week by the Tories

But I digress. The Conservatives have always fought negative campaigns. As Stevenson was seeking honest dialogue with the American electorate, Labour's Aneurin Bevan was lamenting that "The Tories, every election, must have a bogey man". The strategy serves the party well. In 1987 the government won on its record, in 1983 and 1992 on the systematic destruction of the alternative.

It is memories of these latter two defeats which lie behind a defensiveness verging on paranoia in New Labour's campaign. There is nothing remarkable or sinister in the election War Book prepared by Tony Blair's advisers and leaked this week by the Conservatives.

Reading it, my reaction was puzzlement as to why so much time and money had been wasted on polls and focus groups to discover what we all knew: the economy and tax are Tory strengths, health and education Labour pluses. Who could be surprised by the revelation that the electorate sees Mr Major as decent but weak and Mr Blair as strong but a touch smarmy?

The document, though, does illuminate New Labour's central aim: to ensure the election was fought as much on Mr Major's record and fear of a fifth Tory term as on Mr Blair's prospectus. This, it was decided long ago, required elaborate, deep defences. Rebuttal, as Mr Clinton had proved, is effective. The tactic might not be uplifting, but it would protect the party's poll lead.

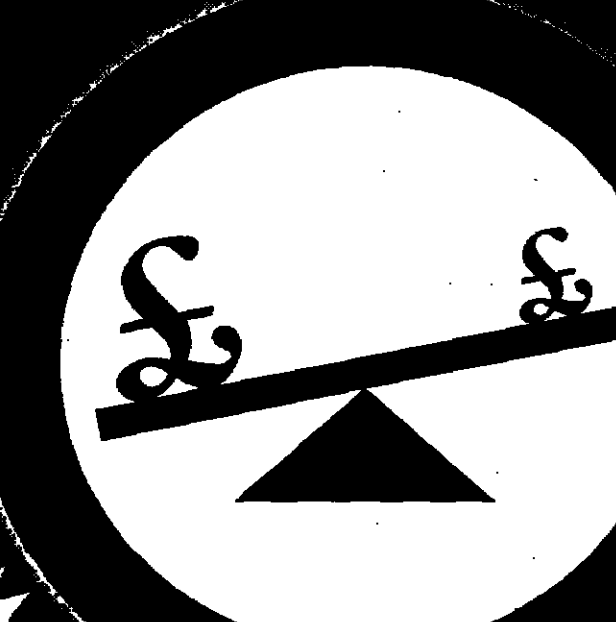
Fair enough. But I cannot help feeling that in their obsession with the so-called campaign grid, with focus groups and "staying on message", New Labour's campaign strategists have made a huge error. They have needlessly squandered their most precious asset: Mr Blair himself.

I am not certain that Mr Blair's brand of incrementalist politics will work in government. The present grumbling of the leftist intelligentsia is a harbinger of troubles ahead. Many on the left cannot contemplate the passing of the Tory enemy by which they have so long defined themselves. The voters know better that, if ever they could, governments cannot any longer change the world.

What is clear, though, as Margaret Thatcher has been heard to remark, is that Mr Blair is a politician of courage and insight. Neil Kinnock and John Smith, his predecessors, did much to make Old Labour more palatable. Mr Blair has rewritten its ideology, redefined its ambitions and begun to remake its instincts.

And yet five weeks into this campaign, the strength of personality and conviction has been lost in an obsession with synchronisation and control. Mr Blair has been suffocated by his image-makers. The Tory phantom of an evasive, unprincipled opportunist, has taken on substance.

I think it is too late to make a difference to the outcome. Mr Blair is heading for Downing Street, though not by the margin of the opinion polls. Alongside the don't-knows and won't-says, there are legions of don't-cares. These people, in whose name the war has been waged, will cast their votes with weary resignation. Doubtless Mr Blair's generals will then proclaim the campaign a triumph. It has not been.



Immorality of minimum wage which hits 'disadvantaged'

From Sir Alan Walters.

Sir, I agree with most of the analysis of Martin Wolf ("A policy with no point", April 22). However, I fear that he ignores the immorality of an "effective" minimum wage. If, for example, a modest £4.20 an hour is chosen by the Low Pay Commission, and if the law is universally observed, workers whose productivity is less than £4.20 an hour will be out of a job.

Typically, these individuals will be the "disadvantaged": those with low IQ, with no skills, little education and those just starting gainful employment.

The minimum wage discriminates against the "disadvantaged". Correspondingly, it discriminates in favour of workers with high productivity. The supply of labour is reduced and so the wage rate of those who retain their employment will rise.

But it may be claimed that in fact the minimum wage law will not be universally observed. Many employers will flaunt the law and engage "disadvantaged" workers at less than the legal minimum. Since there is a possibility of a penalty, however, the employers will allow for this in their wage offer to low-productivity workers.

Thus, if the minimum wage law is only partially enforced, the wage rates for the "disadvantaged" will fall in order to compensate the employer for the cost of being caught and fined.

Thus the minimum wage law discriminates against the disadvantaged workers in favour of the more highly paid. It is immoral and evil as well as being inefficient.

I am not for a moment suggesting that the numerous supporters of the Labour party's proposal are immoral and evil. I am sure that the bishops and Church leaders, for example, sincerely believe that minimum wage laws promote the welfare of the poorest in our society. They are, alas, quite wrong.

Alan Walters,
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London E1 8EU, UK

No chance of rehearsing this score

From Mr Richard Barry.

Sir, It was great to see Lucy Kellaway and Roger Beale ridiculing the fashionable cliché that compares running a company with conducting an orchestra ("If music be the food of love, play on", April 21).

Unlike an orchestra, a business gets no chance to rehearse. It is entertaining to think for a moment what the conductor's job would be like if it really did resemble that of a top business executive. On the podium is the evening's score. It may be somewhat familiar but tonight's has many variations that he's never seen before.

Standing beside him is a group of people peering out into the darkened auditorium, trying to see which bits the audience are enjoying most. Every few moments one of the group stops peering and deftly composes some new material, then runs round putting copies on to the players' music stands. Sometimes a few of the players don't get the new score in time and the resulting bedlam causes some in the audience to demand their money back. And so forth.

If only the cliché were true, and business leaders really did have the luxury of unchanging scores and plenty of rehearsals.

Richard Barry,
visiting research fellow,
school of engineering,
University of Manchester,
Manchester M13 9PL, UK

Position on Unido candidate not yet taken

From Mr Enrique Meyer Medina.

Sir, I refer to the article "Unido chief to stand down" (April 22) in which you state the position of the Group of Latin American and Caribbean countries (Grulac) regarding a candidate for the post of director general of Unido. My purpose is to reiterate that the Grulac has always supported Mr Maria y Campos and, as I stressed during my intervention to the Industrial Development Board, "he has, and will continue having, the support of the Grulac until the last second of his mandate". Grulac is justifiably proud of his achievements and reform efforts and holds him in high respect as an outstanding representative of the Latin American and Caribbean region.

The announcement of the candidature of Mr Gerard Latortue as a successor to Mr Maria y Campos was made at Tuesday's meeting of the Industrial Development Board by the permanent representative of Haiti. After this announcement, and according to the procedures of Grulac, the candidature of Mr Gerard Latortue is now under consultation by the governments of the members of Grulac. Therefore, the group I represent has not yet taken a position on this point.

Enrique Meyer Medina,
Bolivian ambassador,
president, Grulac,
Bolivian Embassy,
Vienna, Austria

UK cannot afford weak leadership

From Mr Cob Stenham and others.

Sir, We write in a personal capacity to put on record our belief that Britain cannot afford another five years of weak and ineffectual leadership. Events over the last few days have confirmed our view that the UK needs a change of government.

It is clear the Tories are irreconcilably split over Europe, undermining John Major's authority at home and abroad and preventing him from winning the best deal for Britain in Europe.

We are also concerned at the latest Organisation for Economic Co-operation and Development study showing Britain's relative decline in prosperity, and recent figures confirming an 8 per cent fall in manufacturing investment last year.

These deeply worrying findings are a result of poor macro-economic management and the continuing failure to tackle the alarming education and skills gap with our competitors.

The prospect of a further decline in the UK's relative prosperity and influence abroad under the Conservatives is not acceptable. It is why we believe a New Labour government is essential to our future prosperity.

Cob Stenham,
chairman, Arjo Wiggens Appleton,
Lord Paul,
chairman, Caparo,
Clive Jones,
chief executive, Carlton Television,
Richard Davey,
director, Rothschild Bank,
Christopher Haskins,
chairman, Northern Foods,
David Goldstone,
chairman, Regalian,
Lord Hollick,
chief executive, United News and Media,
Greg Dyke,
chief executive, Pearson Television,
David Waterstone,
chairman, Ansaldo International

Europa · Dominique Moïsi

For the sake of the Union

Chirac's call for an early election is a gamble with the future of the single currency

Reuter

Point of no return: Chirac's dissolution of parliament is a new departure for France

President Jacques Chirac's call for early parliamentary elections nine months ahead of schedule, is a new type of dissolution in the history of France's Fifth Republic.

Previous dissolutions were justified by exceptional circumstances. The dissolution of 1962 followed the decision by General Charles de Gaulle to introduce direct elections for the presidency. The 1968 dissolution came immediately after the destabilising student revolt in May of that year. In 1981 and 1988, new elections were called after presidential elections by François Mitterrand to give him majorities in the National Assembly of the same political stripe.

But the dissolution this time is much more like the British model where the prime minister can choose the date of a general election for his or her purposes. And in keeping with Gaullist tradition, it represents a further reinforcement of the presidential power of the Fifth Republic.

Only two years into his presidency, Mr Chirac and Mr Alain Juppé, his prime minister, are going back to the French people in a new form of referendum. They are asking for support in searching for a "new élan" to carry through changes and a new legitimacy in pursuing membership of Europe's single currency.

The paradox is that Mr Chirac already has the support of a huge majority in the National Assembly. He is, however, ready to exchange it for a leaner and fitter one – or at any rate a more compact majority that will subdue the divisions inside the conservative camp between his followers and those of Mr Edouard Balladur, the former prime minister he defeated for the presidency two years ago.

The president also sees an opportunity to take advantage of the electoral weakness of the left and the unreadiness of the extreme right represented by Mr Jean Marie Le Pen's National Front. A new, reduced and therefore more coherent majority would give Mr Chirac a legislature for the next five years that would allow him to push through badly needed reforms to slim down the state and prepare France for monetary union.

Such a vision sounds rational, daring, shrewd – even, according to the polls, popular. The majority of the electorate seems to support the idea of new elections, perhaps as offering a way out of the present mood of gloom.

It is as though politics has become a national sport which can lift the spirits – a supreme artform that can transcend the existential boredom seizing the nation.

The plan could backfire, however, if the French refuse to play the role assigned to them – and they have a long tradition of such refractory behaviour. By combining the noble ambition of preparing France for the single currency with the most down-to-earth political calculus, Mr Chirac could endanger the former and find he has miscalculated on the latter.

The result of the ballot will ultimately depend on the election campaign itself. But it offers the French the opportunity to deliver a judgment about their future, their political leaders and ultimately the single currency. Thus Mr Chirac's decision could have important consequences for France and the European Union.

At a time of increasing alienation between French society and its political leaders, there is a real risk that an election seen as a political manoeuvre will widen the gulf between society and its leaders and add to the confusion over Europe. French voters may react by saying they do not need elections, but jobs. They may also see the election as an admission by the government that measures necessary to enter the single currency will make it much less popular.

The country is in the midst of a crisis of confidence in its future – indeed over the idea of progress. Such pessimism could be reinforced by the decision of a president who appears to believe the mood will be even more gloomy in nine months. While the National Front is likely to be a loser in such early elections, it could, in the end, benefit from a political manoeuvre aimed at containing it.

As for the Socialist party, it is attempting to distinguish itself from the governing parties by opting for "constructive criticism" on Europe. This could lead into a far more destabilising debate on the objectives of Maastricht and economic and monetary union.

Thus Mr Chirac could find himself enjoying a Pyrrhic victory – or even a defeat. An uncertain victory or, worse, a result with no clear majority would weaken not only the president and his supporters but also the entire European project in the crucial run-up to the launch of the single currency in 1999.

Unlike in the UK, most French voters recognise that France is in Europe and there is no serious alternative to the EU. Yet, though favourable to the single currency, the public do not always understand how the euro, a technocratic project for their leaders, will help in reducing unemployment, their primary concern. The French no longer seem to know what the European project means for them.

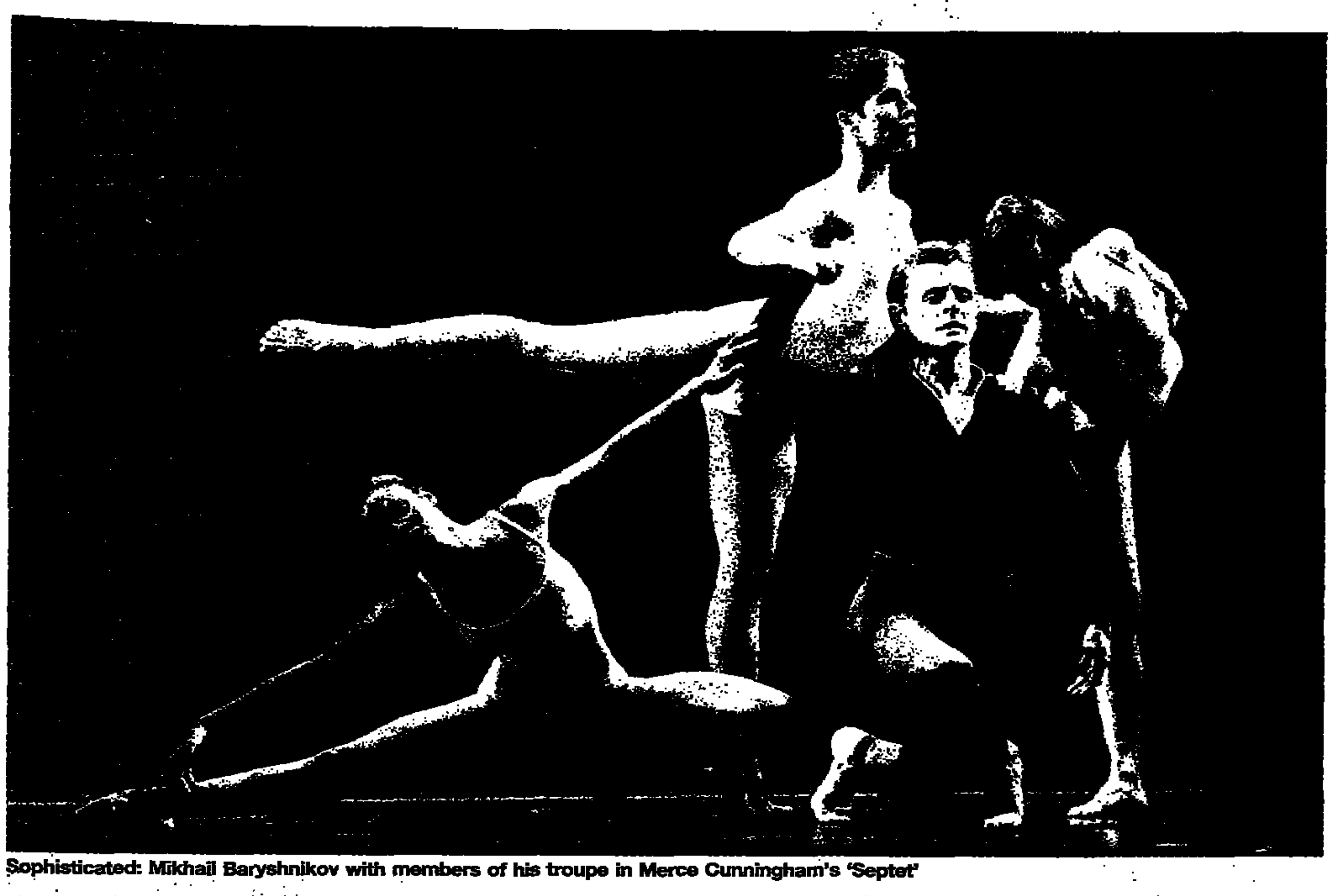
In 1995, Jacques Delors, the former president of the European Commission, decided not to enter the presidential race because he feared his involvement would weaken the cause of European unity in France. In 1997, Mr Chirac has called early elections to advance the cause of European unity – and in six weeks, we will know whether his gamble has had the opposite effect.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of Politique Etrangère. *He writes here in a personal capacity.*

ARTS

Dancing of the mind

William Deresiewicz reviews Baryshnikov's White Oak Dance Project



Sophisticated: Mikhail Baryshnikov with members of his troupe in Merce Cunningham's 'Septet'

The recent American tour of the White Oak Dance Project might well have been titled, "A Portrait of the Dancer". The dancer, of course, is Mikhail Baryshnikov, White Oak's director and, not incidentally, the biggest dance star of the last quarter century. The four works Baryshnikov selected added up to a meditation on the nature of stardom itself. Or to be more precise, on the nature of being Baryshnikov: his fame, his artistry, his turn, as he has aged, from ballet to modern dance. The atmosphere was pensive, muted, at times even melancholy. This was dancing of the mind as much as of the body.

Baryshnikov reached back over 40 years, to Merce Cunningham's *Septet* (1953), for the season's most sophisticated statement. Like its Satie score, the dance is spare, careful, mannerly, odd. Its clarity and elegance demonstrate Cunningham's mastery of classical composition. But its iconography shows him moving self-consciously away from classical norms, on his way to the quotidian imagery and formal dissonance that would come to mark his choreographic revolution.

The dance begins with a man darting and capering amidst the calmer figures of three women, an unmistakable evocation of Balanchine's *Apollo*. But if *Apollo* tells the story of a god, *Septet* tells the story of a man dancing *Apollo*. Everyday moments punctuate the solemn hush – a handshake, a double-take. As in *Apollo*, the god chooses Terpsichore over the other muses, but here the others find partners of their own, and the three couples end up dancing together. Hierarchy gives way to equality, the mythic to the familiar: ballet to modern.

With Baryshnikov in the lead role, the dance acquires an entirely new layer of meaning. Here is a man who really has danced *Apollo*. And here is also a man who undertook the same transformation as the dance itself, renouncing the challenge of portraying gods for that of portraying men. Late in *Septet*, the three-and-one configuration returns for a slow and hauntingly beautiful reorchestration of *Apollo's* exalted finale. With Baryshnikov, the inward, elegiac quality that suffuses this section takes on unmistakable overtones of personal recollection, even of loss.

The burden of stardom was most openly explored in *Unspoken Territory*, a solo by Dana Reitz. Long, fluid passages in half-light open and close the work, passages of remarkable concentration and meditative serenity. In between, a triangle of brilliant illumination at stage-centre generates a very different pattern of action. Baryshnikov now moves carefully along its edges, now simply sits down, ceasing to dance altogether.

Baryshnikov's dancing remains as extraordinary as ever. The decline of his virtuosity in quantitative terms – so many pirouettes, so high a leap – only serves to reveal its essential qualities. As his incomparable physical abilities recede, the intellect that all along under-girded them comes into sharper focus: the intensity, the subtlety, the wit.

But for all his gifts, all his glamour, Baryshnikov never acts the star. What is most beautiful about his dancing is its purity of purpose – his respect for, even humility before, the material at hand. Always, he makes himself an instrument of the work, never the work an instrument of his own glory. *"La danse cette une question morale,"* said Balanchine, and Baryshnikov was listening.

Eric Hawkins's *Journey of a Poet* was also designed as a solo, but Baryshnikov found it too strenuous and restaged it to include the rest of the ensemble. Though he saved some of its most striking passages for himself, however, the piece still makes a good deal less sense in its present form.

To the extent that the work's intention could be discerned, it traded on those tired old Romantic clichés about the poet's lonely path. Much more interesting, to my mind, was Meg Stuart's *Remote*. Rooted to their places in a checkerboard configuration, the dancers mark through a long series of fragmentary gestures with ineffable weariness, even disgust.

Eventually the configuration falls apart; at its most obvious level, the piece is about the disintegration of society – another cliché, this one postmodern. But to me it also seemed to be about the experience of being a dancer itself: the endless repetition, the undoubted boredom, the threat of anonymity amidst the ensemble. At its centre was Baryshnikov, at once our most candid star, and our most inscrutable.

Opera/**Andrew Clark**

Satisfying 'Samson'

Scottish Opera's final new staging under its departing general director, Richard Jarman, happens to be Antony McDonald's debut as an opera producer. Both could afford a smile of satisfaction after the opening night of *Samson et Dalila* at Glasgow's Theatre Royal on Wednesday.

Having taken on a company in crisis six years ago, Jarman is leaving it in excellent artistic health, as the finely tuned contributions of orchestra and chorus demonstrate. Scottish Opera makes a virtue of a tight budget: like *Idomeneo* last autumn, the basic design of *Samson* is simple, but the effect is sophisticated. There are still clouds on the horizon – Jarman's successor, Ruth Mackenzie (from the Nottingham Playhouse), will have to sort out the thorny merger of Scottish Opera's orchestra with Scottish Ballet's – but she can count on reserves of morale from a triumphant 1996-7 season.

McDonald's staging, conducted by Frédéric Chaslin with style, subtlety and Berliozian sweep, is a natural extension of his work as one of Britain's most interesting theatrical designers. Having worked with Tim Albery on *Les Troyens*, among others, McDonald has picked up useful lessons in crowd control: the chorus works as a powerful dramatic force in its own right, but McDonald leaves us in no doubt that what we are seeing is a mass of individuals. He has no shortage of ideas: the way Samson "parts the waves" of fellow Jews in his opening monologue is one example; the tongue-in-cheek treatment of the Bacchanale as part-orgy, part-ritual humiliation, is another. McDonald must now refine his work with the principals: there was too much empty arm-waving in the central duet, and important phrases lacked illumination.

As to the broader vision, McDonald finds an original interpretation without destroying the essence of the piece. The costumes – notably the bordello-pink dresses of the Philistine women – evoke Paris at the time of the Dreyfus affair, but the parallels are never specific, so that the story emerges as a timeless metaphor for the persecution of the Jews. Set on a slanting platform against an abstract horizon, the production matches the changing mood of the music at every step, aided by Wolfgang Göbbel's absorbing shifts of light and colour. Only the suspended horse in Act 3, and the portrayal of Samson as a man of psychic rather than physical power, strike a false note.

Two credible young Americans sing the title roles. Mark Lundberg has the size, sincerity and stage presence for Samson – a definite plus in the solitary confinement of his Act 3 lament. Lundberg's husky timbre will not be everyone's taste, but he is never coarse. Carolyn Sebron's mezzo is a better-schooled instrument, if not ideally sensuous. She has a great figure, and knows how to use it with feline charm: her hot-and-cold tactics in the Act 2 seduction were spellbinding. As a youthful High Priest, Robert Hayward's authentic *baryton héroïque* would be more effective if he could express a few more shades of villainy. The standard of French is surprisingly good.

In sum, this *Samson et Dalila* is more than just a pot-pourri of beautifully orchestrated tunes and theatrical emotion. It shows that the opera is open to a modern frame of interpretation, and forces us to take Saint-Saëns seriously.

Mark Lundberg and Carolyn Sebron take the title roles in Scottish Opera's splendid new production

Concerts/**Richard Fairman**

Swiss and Swedish bands

Despite the problems of touring in the UK, foreign orchestras still regard a London date as important.

Last week two visiting orchestras appeared at the Royal Festival Hall – neither from the world first division, though each is important in its home country.

The more interesting programme came from the Swedish Radio Symphony Orchestra. With its ex-principal conductor, Esa-Pekka Salonen, as artistic adviser and Carlo Maria Giulini as conductor laureate, the SRSO has some big names in association. But for this short UK tour it was the Finnish conductor Okko Kamu who introduced them with, naturally, some Sibelius in a confidently-played *Karelia Suite*. There is not much that is distinctive about the orchestra's sound, except for the bright, hard, dominating brass. It is the general impact that counts, and the main work – Tchaikovsky's Fifth Symphony – ended in a rousing finale.

In between, there were two young Swedish singers to wave the flag. A group of ten of Mahler's *Des Knaben Wunderhorn* introduced the promising proto-Wagnerian deep mezzo of Anna Larsson and baritone Peter Mattei. Larsson is still an artist in the making, but Mattei is the real thing, gifted with a beautiful voice and natural expression. Scottish Opera, where he has already sung Don Giovanni, was wise to get in early.

The soloist was also the star attraction at the Tonhalle Orchestra of Zurich's concert two days earlier. The Swiss visitors had succeeded in attracting a somewhat larger audience to hear Radu Lupu in Beethoven's Second Piano Concerto. No matter what he plays, and this concerto was by turns playful and vigorous, Lupu has the ability to hit upon wondrous oases of calm: the end of the slow movement here sank into depths so still that Beethoven himself might have been surprised.

Unfortunately, David Zinman's Beethoven was not like that. His conducting of the concerto was mostly concerned with the exterior, pointing rhythms and getting wind solos to speak clearly. In the "Pastoral" Symphony afterwards there was almost nothing to note but the dotting of "i"s and crossing of "t"s. Speeds were fast and the orchestra's playing was well drilled, to the point where many performances would sound sluggish by comparison, but it was all style and no content. This was not within spitting distance of the inspiring Beethoven brought by another visiting orchestra – the Rotterdam Philharmonic under Valery Gergiev – a few weeks ago.

Swedish Radio Symphony Orchestra sponsored by Vattenfall.

Theatre

Too neurotic for words

Tennessee Williams had guts, and he was prepared to spill them onto the stage. Madness, too. And he could write with rare eloquence and power. Fourteen months ago, after seeing a little-known and part-weird Williams play (*In a Bar of a Tokyo Hotel*), I was announcing that, just as de Kooning couldn't *not* paint well, even when his brains seem to be addling on the canvas, likewise Williams couldn't *not* write good drama. Alas, after the Royal Shakespeare Company's current production of *Camino Real* and now Cheek by Jowl's *Out Cry*, I now withdraw that opinion.

Out Cry – a play featuring only one brother and sister – is the most overwrought play I can ever remember seeing. Were it the work of a minor playwright and produced by a fringe company, I would have walked out of this staging – before the interval, if possible. It is wholly unlike *Camino Real*, mind you. Even on bad form, Williams had imagination and range. And, even well into Act II, he lets fall lines of wit and beauty like those of no other dramatist. He also creates two highly taxing roles, and it is remotely possible that, if brilliantly cast, *Out Cry* might succeed: in which case it would emerge as something rare and searing.

Felice and Clare, brother and sister, are actor-playwright and actress working together in a theatre company. They are also locked in a love-hate relationship whose intensity is driven to fever pitch by the fact that they are terrified of life and of the world. The rest of their touring company have left them in the lurch and, alone, they put on the play; but their panics keep driving their performance off course and their offstage life intrudes. In Act Two, they discover the audience has departed; and they reach the depths of despair – in which, ironically, they try reverting to acting out the ending of the play.

In the Cheek by Jowl production, these two roles are played by Jason Merrells and Sara Stewart. Through most of the play, Merrells is more sure of gesture and voice than so neurotic a character would surely be; and, in the offstage scenes, Stewart characterises Clare as a screaming, staring bitch-figure of strident tones and garish behaviour that become irritating after 30 seconds and boring after 60.

Admittedly, both actors have wit, physical charm, commitment, and nerve; and their Southern accents are almost impeccable. Stewart, in particular, develops as the play proceeds, although the number of time she clutches her hair in alarm is ludicrous. The director is Timothy Walker, who has worked with an impressive range of directors and a wide variety of roles. However, his range does not yet extend to making this kind of exaggerated neurosis *à deux* convincing.

Alastair Macaulay

At the Lyric Theatre, Hammersmith, until May 17.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● Mirror of Everyday Life – Genre Prints in the Netherlands: survey of 16th and 17th century prints by Lucas van Leyden, Pieter Breughel and others; to May 4

■ ANTWERP

OPERA
De Vlaamse Opera Tel: 32-3-2336808
● Così fan Tutte: by Mozart. Conducted by Lawrence Renes. Soloists include Véronique Gens, Graciela Araya, Iain Paton and Urban Malmberg; Apr 29

■ BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203090
● Berliner Sinfonie-Orchester: with conductor Gabriel Chmura and organist Joachim Dalitz in works by Wagner, Matthus and Brahms; Apr 26, 27, 28

EXHIBITION
Gemäldegalerie – Bodemuseum Tel: 49-30-209050
● Herren der Meere – Meister der Kunst. Das holländische Seebild im 17. Jahrhundert: exhibition featuring 17th century Dutch marine paintings. On view are works by artists including Hendrik Cornelisz Vroom, Willem van de Velde and Jan Porcellis; to May 25

■ BOLOGNA

EXHIBITION
Galleria d' Arte Moderna Tel: 39-51-502859
● Materiali dell'Arte. Ricerca e sperimentazione in Italia dagli anni Sessanta ad oggi: thematically organized exhibition focusing on the use of unconventional materials in Italian art from the 1960s to the present day. Artists represented include Anselmo, Boetti, Burri, Fabro and Merz; to May 4

■ BRUSSELS

OPERA
Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Peter Grimes: by Britten. Conducted by Antonio Pappano; Apr 29

■ CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 1-312-4433600
● Ivan Albright: retrospective of work by the American artist, featuring 120 pieces, primarily paintings and including 20 self-portraits. Albright's paintings are renowned for their detail – often the artist would only complete one square inch of work in a day; to May 11

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Deutsche Kammerphilharmonie Bremen: with conductor Daniel Harding and pianist Olli Mustonen in works by Mozart, Yun and Ravel; Apr 27

■ EDINBURGH

EXHIBITION
Royal Scottish Academy Tel: 44-131-2256671
● Royal Scottish Academy's 171st Annual Exhibition: featuring works by many of Scotland's leading contemporary artists, sculptors, printmakers and architects; to Jul 5

■ GENOA

CONCERT
Teatro Carlo Felice Tel: 39-10-589329
● Daniel Oren and Massimiliano Damerini: with conductor Daniel Oren and pianist Massimiliano Damerini perform works by Gershwin and Ravel; Apr 30, 29

EXHIBITION
Palazzo Ducale Tel: 39-10-562440
● Le Meraviglie dei Primi Liguri: display of nearly 200 cave paintings recently excavated in the valleys of Meranglie and Fontanalba and dating from 3700 to 4300 years ago; to Jun 8

■ HAMBURG

EXHIBITION
Museum für Kunst und Gewerbe Tel: 49-40-24862732
● Haiku and Haiga: display of 130 works taken from illustrated Japanese Haiku poetry books. The exhibition focuses in particular on Taketa Sôchô, author and illustrator of more than 30 Haiku books during the 17th and 18th centuries; to May 4

■ LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● Saito Kinen Orchestra: with conductor Seiji Ozawa in works by Schönberg and Beethoven; Apr 26

■ MADRID

EXHIBITION
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
● Juan Soriano, 1937-1997: retrospective of work by the Mexican artist, featuring 45 oil paintings, 12 bronze sculptures and 50 drawings; to May 2

■ MUNICH

DANCE
Cuvilliés-Theater – Altes Residenztheater Tel: 49-89-296836
● Giselle: choreographed by Ek to music by Adam, performed by the Bayerische Staatsballet; Apr 27

EXHIBITION
Haus der Kunst Tel: 49-89-211270
● Tanz in der Moderne – Von Matisse bis Schlemmer: exhibition focusing on dance as a source of inspiration in the visual arts at the beginning of the 20th century. Featured are some 150 works by 37 artists, including Matisse, Kandinsky, Severini, Sonia Delaunay, Archipenko and van Doesburg; to Apr 27

■ NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● Juilliard Orchestra: with conductor Bobby McFerrin in works by Mendelssohn, Mozart, Beethoven and Vivaldi; Apr 29

EXHIBITION
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Giambattista Tiepolo: monographic exhibition of about 70 paintings by the 18th century Venetian painter; ends on Sunday
● The Glory of Byzantium: exhibition celebrating the Second Golden Age of Byzantine civilization from mid-9th to mid-13th centuries. Beginning with the end of the iconoclastic controversies, the exhibition explores both religious and secular aspects of Byzantine culture and considers the interaction of the empire with its Christian and Islamic neighbours; to Jul 6

■ PARIS

CONCERT
Cité de la Musique Tel: 33-1-44844500
● Ensemble Intercontemporain: with conductor George Benjamin and violinist Jeanne-Marie Conquer in works by Knussen, Ligeti, Schöllhorn, Grisey and Benjamin; Apr 27
Théâtre des Champs-Elysées Tel: 33-1-49525050
● Akademie für Alte Musik Berlin: with flautists Ernst-Burghard Hilse, Marion Verburggen and Ekkehard Hering, violinists Bernhard Fork and Stephen Mai and harpsichordist Raphael Alpermann in works by Bach; Apr 27

■ WASHINGTON

EXHIBITION
Arthur M. Sackler Gallery Tel: 1-202-3572700
● Art of the Persian Courts: exhibition featuring over 100 paintings, manuscripts, drawings, and works of calligraphy which aims to highlight the influence of Persian culture across the Islamic world, from 14th to 19th centuries; to May 4

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08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

FINANCIAL TIMES
Friday April 25 1997

UK drops opposition after compromise

Brussels to get wider power on monopolies

By Emma Tucker in Brussels

Britain yesterday dropped its objections to giving the European Commission greater powers to vet cross-border mergers, clearing the way for a substantial reform of EU anti-monopoly rules.

The changes will speed up regulatory procedures for companies involved in cross-border mergers. The Commission can block or place conditions on mergers that damage competition inside the single market but, at the moment, companies have to seek approval from competition authorities in the member states involved.

Under the rules approved yesterday, the Commission will take charge of cases which are currently too small to fall under its jurisdiction but which require regulatory approval in three or more European Union states. This "one-stop shop" approach was welcomed by industry which said the changes would provide greater legal certainty for European companies.

Britain and Germany were originally unwilling to contemplate handing over more sovereignty to the Commission, under more radical proposals introduced by Mr Karel Van Miert, competition commissioner, last year. But yesterday's compromise watered down the initial plan by introducing more conditions.

"We are certainly in favour of some sort of solution to multiple filings," said Ms Fiona Marcq, head of company affairs at Unice, the European industry organisation.

Brussels will now examine mergers which require multiple regulatory approval and involve companies with a combined global turnover of more than Ecu2.5bn and a combined EU turnover of more than Ecu100m. In each of the member states involved in the deal, at least two of the merging companies will have to have revenue of more than Ecu25m before Brussels can claim jurisdiction.

The British government originally argued that it did not want the Commission to extend its influence over mergers that would previously have fallen to its own Monopolies and Mergers Commission. Earlier this year a dispute flared up between the UK and Brussels about which authority had jurisdiction over a joint venture between British Airways and American Airways, reflecting the UK's sensitivity over such issues.

At the moment Brussels only examines mergers of companies with a global turnover of more than Ecu5bn. With the backing of industry, Mr Van Miert originally proposed lowering the threshold to Ecu3bn for all mergers, whether notified in more than two countries or not. Britain and Germany objected to this.

Government accused in EU 'poverty' report, Page 8

N Korea sets out conditions for full peace talks

By John Burton in Seoul and Nancy Dunne in Washington

North Korea yesterday indicated it would join peace talks with South Korea only after several conditions were met, including food aid, US diplomatic recognition and an easing of trade sanctions by Washington.

Pyongyang said several issues must be settled in discussions among the two Koreas and the US before full-scale peace talks, including China, could begin.

Seoul immediately rejected the proposal, saying no concessions could be given until Pyongyang joined the four-way talks to bring a formal end to the 1950-53 Korean war.

"Confidence needed for four-way talks has not yet been built . . . and, still worse, our equal footing at the talks has not been guaranteed," said Mr Kim Kye-gwan, the North Korean deputy foreign minister.

This apparently referred to the fact that the US and China recognise South Korea, while North Korea has no diplomatic ties with the US.

Pyongyang is unhappy that the US has not fulfilled promises made in 1994 to exchange diplomatic offices and ease trade sanctions.

Washington has said it cannot proceed with the measures until North Korea fulfils its pledge, contained in the 1994 accord, to resume official dialogue with South Korea.

Seoul fears that Pyongyang's latest proposal is another attempt to drive a wedge between South Korea and the US by developing closer ties with Washington.

The issue has put further strain on US policy of constructive engagement with North Korea in pursuit of stability on the Korean peninsula.

A US State Department official yesterday said Washington had always refused to consider conditions for talks, and indicated that North Korea's reported demands would be on the table if and when the four-way talks convened.

Washington and Seoul proposed these talks a year ago. North Korea has held recent meetings with US and South Korean officials in New York to discuss the proposal.

But discussions were suspended on Monday after South Korean representatives returned home, frustrated that Pyongyang had yet to give a firm answer on whether it would join the four-way talks.

North Korea agreed in principle to talks but imposed conditions. Washington and Seoul insist the talks should focus on peace, not diplomatic ties or food.

Editorial Comment, Page 15

US companies rush to beat sanctions against Burma

By Ted Bardacke in Rangoon

US companies signed more investment deals with Burma in February than in the whole of the past eight years as they dashed to conclude talks before President Bill Clinton banned new US investment in the south-east Asian nation.

More than $300m worth of deals were concluded with Burma's military regime, according to official Burmese data. The ban – designed to punish the regime for its poor human rights record and refusal to negotiate with the democracy leader, Ms Aung San Suu Kyi, and to spur further international isolation of the junta – was announced by Mr Clinton on Tuesday.

Most observers have been predicting since January that sanctions were imminent after Ms Suu Kyi was attacked in Rangoon, students were rounded up following demonstrations and Mrs Madeleine Albright, a severe critic of the Burmese government, was named US secretary of state.

Approved investment by US companies at the end of January was $243m, according to statistics from the Myanmar Investment Commission published in official Burmese media. By the end of February, the last month for which figures are available, that amount had leapt up 139 per cent to $582m.

The $339m in deals signed in February was a huge increase over the $21.4m approved in 1995 and 1996 combined, and consolidated the US's position as the fourth largest foreign investor in Burma, after the UK (including the British Virgin Islands), Singapore and Thailand.

Most of the new investment was in the oil and gas sector, with offshore exploration rights held by Unocal and Texaco being converted into production-sharing contracts.

This distinction is important as the executive order implementing the new investment ban is expected to allow existing investment contracts to be fulfilled but not allow them to be expanded, modified or upgraded. Arco has also been heavily involved in natural gas exploration but it is unclear whether a production-sharing agreement has been reached.

Foreign investment in the oil and gas sector during February increased by $629m to $2.13bn. Total foreign investment in the month rose by $694m to $6.05bn.

The UK was the second-largest investor in February, with $291m. The UK's Premier Oil is a junior partner in the Texaco-led consortium.

● The top US diplomat in Rangoon yesterday warned that Washington's decision to impose sanctions could have implications for other foreign investors, Reuter adds from Rangoon.

Mr Kent Wiedemann, US chargé d'affaires to Burma, said that while the initial economic impact of the move might be small, there would be shockwaves.

"It's a powerful message to US and other [foreign] companies that this is not a good place to do business if you do so in the US," he said.

Chrétien set to call Canadian election

Continued from Page 1

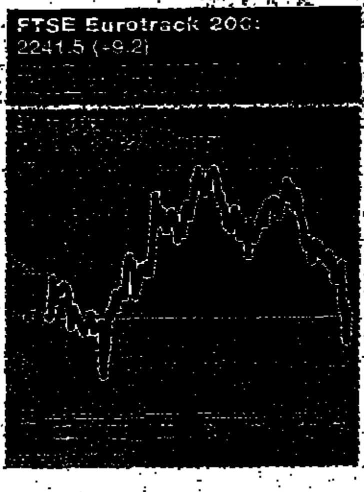
showing by the Reform party, the right-of-centre populist group whose main strength is in western Canada.

The Liberals' campaign is expected to centre on the government's economic record. Under them the federal budget deficit has slid from 6 per cent to 2.4 per cent of gross domestic product, helping to drive interest rates to the lowest level in 35 years. Growth has recently accelerated, with real GDP expected to expand by about 3.5 per cent this year, up from 1.5 per cent in 1996.

The election announcement has been preceded by initiatives designed to bolster support for the Liberals in marginal areas.

THE LEX COLUMN

Nomura's new broom



Nomura's short-term prospects look pretty shaky. The *sokaiya* bribery scandal is costing it customers and profits as corporate clients switch to rivals to underwrite bond and share issues. Even Nomura's own fund management arm is refusing to deal with the brokerage operation at the moment. And on some estimates its commission income has dropped by a quarter since the scandal broke last month. The group's market share will suffer further if Japan's finance ministry imposes a rumoured trading ban of up to three months. Meanwhile, last year's record income from bond trading is unlikely to be repeated.

The longer-term future depends largely on Mr Junichi Ujiie, Nomura's new president. US-educated and a relatively young 51, Mr Ujiie talks a good game, promising a flatter management structure, open communications and more individual responsibility. But whether he will succeed in cutting costs and reducing the influence of the old guard remains to be seen. While a third of Nomura's board members resigned this week, most are staying on as advisers – as happened in 1991 after the first bribery affair.

Just as importantly, Mr Ujiie will have to push the company into new markets, such as securitisation, once deregulation opens them up. In terms of capital, information technology and people, Nomura's resources still far outstrip those of its domestic rivals. By international standards, however, none of Japan's securities houses looks impressive at the moment.

Eurotunnel

Is the great poker game between Eurotunnel's lenders and shareholders almost over? An innocent observer could be forgiven for assuming so. But the climax is yet to come, as the current byzantine compromise is put to votes of both groups. Neither will be a formality.

Consider, first, the shareholders. To get the restructuring through, Eurotunnel has to persuade 25 per cent to vote, two-thirds of them in favour. This will be tricky: there are few institutional shareholders and the rest are 700,000 individuals, mostly French and mostly angry.

But why should they cut up rough? After all, the restructuring does retrieve something from the financial wreckage – 70 per cent of post-interest cashflow in the long run. That may not be much. But when the company's debts so far exceed its worth, shareholders are lucky to get anything.

Unfortunately, many of them care more about getting revenge on the banks than salvaging some value. For them, the hope of inconveniencing lenders is reason enough to block the deal. Others may bet that voting it down could push the company into a last attempt to squeeze more value from its lenders. But this is Russian roulette, with the risks heavily skewed to the downside. If the lenders pull the plug, the shares will be worthless.

And they could be better off if they do. True, the governments could block the theoretical right to "substitution" (where the lenders take legal ownership). But even in administration, admittedly a legal and political quagmire, the lenders' ultimate right to all the cash is not in doubt. Make no mistake: the lenders can offer nothing to shareholders if they choose.

Why then might they support the present fudge? For some, there is the worry of legal claims from shareholders if the balloon goes up. But more generally, the answer is political: in France and elsewhere, pressure to do a quiet deal is strong. Meanwhile speculative debt-holders are probably happy with a quick if imperfect solution. Administration might hand them more value, but only in the long run.

Even so, there is no guarantee that *every* lender is willing to buy shareholders off just for a quiet life. And Eurotunnel has to secure unanimous agreement. So far the six lead banks are on side. There remain a daunting 200 or so to go.

Assume, say, a 25 per cent chance that the shareholders vote the deal down, and the same chance that not all the lenders sign up. That still implies a 45 per cent probability that the beautifully crafted restructuring collapses.

Aha, says the company, but what if the two governments were to help by extending the tunnel's concession? Eurotunnel has hardly strengthened its case with the risible suggestion of a 934 year add-on. Still, a bail-out is not impossible. The snag, of course, is that it would set an unhelpful precedent for other private finance projects. Furthermore, even if an extension threw up a bit more value for lenders and shareholders, it would not necessarily do much – if anything – to reduce the tension between them.

Co-op

Members of Britain's Co-operative Wholesale Society may eventually be very grateful to Mr Andrew Regan, the discredited David who yesterday fled from that corporate Goliath. The CWS took a few sling-shot wounds, but its management proved surprisingly nimble at fighting. Maybe the recent attentions of the capitalist world will encourage it to become as robust at running its businesses.

Certainly, if Mr Regan's lowly-capitalised and complexly-structured Galileo can get close to rumbling the august co-operative movement, it would struggle against a wealthy aggressor with blue chip credentials. And now Mr Regan has spotlighted several pots of gold within the CWS, it is bound to attract more interest. Even if an outsider does not unlock this value, some form of corporate Darwinism looks inevitable. After all, the CWS has demonstrated that autocratic managements, protected from the rigours of shareholders and capital markets, will struggle to compete.

The first thing the Co-op should do is introduce greater transparency and change the constitution to make its management more accountable to its members. With this increased incentive for action, it should start doing obvious things: merging its retail business with other Co-op societies, and introducing profitable co-operation between its bank and insurance companies. Mr Regan has made it much more likely that even if the current management team does not deliver this, someone else will be encouraged to do so.

Additional Lex on Laura Ashley, Page 22

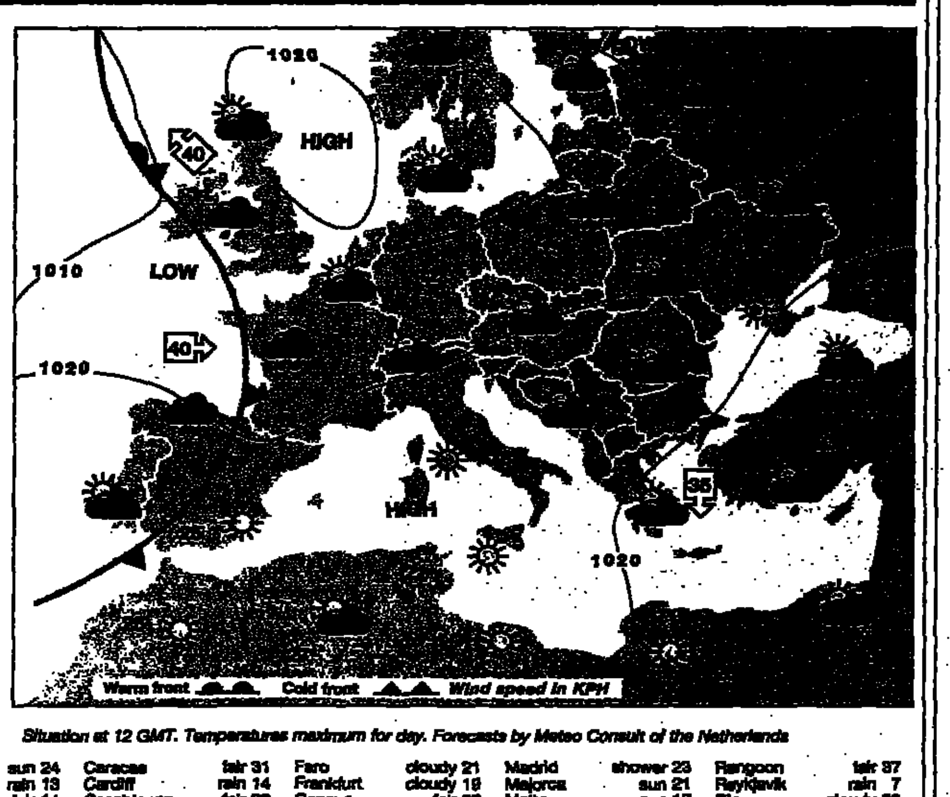
FT WEATHER GUIDE

Europe today

Most of the continent will be sunny or partly cloudy but a frontal system will move in from the west causing thick cloud and rain. Italy and the Balkans will start with clear skies but cloud will develop over the Balkans in the afternoon. Greece will have a sunny morning but cloud will dominate during the afternoon and there will be showers.

Five-day forecast

Cloud and precipitation will prevail in western Europe as fronts continue to cross the continent. Eastern Europe, however, will be influenced by high pressure. As a result, it will remain mostly dry, with thinner cloud allowing some sunny periods.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	sun 24	Caracas	fair 31	Faro	cloudy 21	Madrid	shower 23	Rangoon	fair 37
	Celsius	Belfast	rain 13	Cardiff	rain 14	Frankfurt	cloudy 19	Majorca	sun 21	Reykjavik	rain 7
Abu Dhabi	sun 32	Belgrade	fair 14	Casablanca	fair 20	Geneva	fair 22	Malta	sun 17	Rio	cloudy 28
Accra	fair 32	Berlin	shower 12	Chicago	sun 14	Gibraltar	fair 23	Manchester	shower 12	Rome	sun 18
Algiers	fair 19	Bermuda	shower 21	Cologne	cloudy 16	Glasgow	fair 12	Manila	fair 33	S. Frsco	sun 25
Amsterdam	fair 13	Bogota	thund 20	Dakar	fair 26	Hamburg	fair 12	Melbourne	fair 19	Seoul	fair 20
Athens	shower 18	Bombay	sun 33	Dallas	thund 23	Helsinki	shower 7	Mexico City	fair 25	Singapore	fair 33
Atlanta	fair 22	Brussels	cloudy 15	Delhi	sun 37	Hong Kong	shower 25	Miami	fair 28	Stockholm	fair 9
B. Aires	cloudy 16	Budapest	fair 16	Dubai	sun 32	Honolulu	fair 29	Milan	sun 17	Strasbourg	fair 20
B.ham	rain 12	C.hagen	fair 10	Dublin	rain 14	Istanbul	shower 13	Montreal	cloudy 9	Sydney	shower 20
Bangkok	shower 38	Cairo	fair 30	Dubrovnik	sun 15	Jakarta	fair 32	Moscow	fair 13	Tangier	fair 22
Barcelona	fair 19	Cape Town	fair 21	Edinburgh	fair 10	Jersey	shower 10	Munich	cloudy 19	Tel Aviv	fair 32
						Karachi	fair 35	Nairobi	shower 27	Tokyo	sun 17
						Kuwait	sun 33	Naples	sun 17	Toronto	fair 11
						L. Angeles	sun 25	Nassau	fair 29	Vancouver	fair 16
						Las Palmas	fair 24	New York	fair 16	Venice	sun 17
						Lima	fair 27	Nice	sun 18	Vienna	cloudy 19
						Lisbon	cloudy 21	Nicosia	shower 22	Warsaw	rain 13
						London	shower 15	Oslo	fair 10	Washington	fair 19
						Lux.bourg	cloudy 17	Paris	cloudy 20	Wellington	rain 15
						Lyon	cloudy 24	Perth	sun 26	Winnipeg	shower 13
						Madeira	fair 20	Prague	cloudy 16	Zurich	fair 18

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday April 25 1997

North Korea's cold wind

True to form, North Korea has raised some awkward questions with its response to the invitation from the US and South Korea to begin international negotiations on reducing regional tension. Much rides on Washington's reaction.

Pyongyang is not only demanding more food aid, but also diplomatic recognition from the US and an end to trade sanctions. This has met a negative response from Seoul, but recognition and trade were promised in 1994 if the North gave up its nuclear programme, which it has done.

North Korea can argue that it simply wants to see the US living up to its side of that bargain before proceeding further. Diplomatic recognition by the US would help to protect it against the risk of being bounced into the arms of a much stronger south. But in considering these demands, the US must decide whether it is being duped into propping up a regime that deserves to fall.

The government of Mr Kim Jong-il has no democratic credentials. Together with his late father he has presided over seven consecutive years of economic decline, and there is growing evidence of mass starvation.

The question is whether to continue looking for a soft landing, with a gradual liberalisation that would allow North Korea to be absorbed into the South without military or economic shock. Or has famine pushed the North to a point where collapse is imminent?

The risks in both outcomes are large. To continue seeking a soft landing would mean living for several more years with the threat posed by North Korea's military. The Korean peninsula would remain one of the most dangerous flash-points in the world, and the west could be blackmailed into making concessions on food and energy.

The economic costs of a premature North Korean collapse would also be great. Although South Korea would not have to fund welfare payments on the scale of West Germany after unification there, it would have to absorb North Korea's labour force with serious consequences for its own wage levels and employment. It would need generous financial support from the outside world.

Efforts to engineer such a hard landing might provoke a military response from a desperate regime which is thought able to launch missile attacks not only on Seoul but also on Japan.

Mr Kim is tenacious. So far he faces no popular challenge to his authority, despite the hunger. If he survived an attempt to starve him out, he would certainly resume his menacing nuclear programme.

The US approach must partly depend on an assessment of whether the doves in Mr Kim's entourage would be strengthened by more conciliation, to the point where they could deliver a peaceful transition. But the extent of the looming famine is narrowing the options.

The US cannot easily meet conditions that mean recognising and propping up a regime which spends massively on defence while its people starve. That suggests the outside world should start making contingency preparations for turmoil in the North. This game cannot be spun out indefinitely.

Culture clash

Earlier this week Beiersdorf, the German company best know for its Nivea brand of skincare products, announced a restructuring plan involving 700 job losses. The shares promptly fell DM3.30 to DM86.10.

Compare and contrast with the UK or US where similar announcements have the opposite effect. When Mr Al Dunlap arrived at Sunbeam Corporation last year, the stock price soared nearly 50 per cent. In no time "Chainsaw Al", as he is known, had produced a plan to slash the workforce by half. More happy noises from Wall Street.

How, then, can the German reaction be rationalised? It might, perhaps, reflect a certain literal-mindedness on the part of German investors, since profits will be hit by a heavy restructuring charge. It may be merely a technical reaction. But one intriguing possibility is that investors sensed a longer-term loss of value.

In most German companies employees are offered security, skills and career development in exchange for a commitment to use those skills in the company's interests. This implicit contract facilitates long-termism. It has made a big contribution to the competitive advantage of German companies.

The problem with such a system is that if downsizing is required, the implicit contract is threatened. While German employers are less brutal than Americans in handling redundancies, the remaining workforce's sense of commitment may nonetheless be eroded.

Yet this is not as un-American as sometimes assumed.' Implicit contracts, reflecting the value inherent in relationships between management and others groups such as customers, workers, shareholders and suppliers, clearly exist in most sizeable US or UK businesses.

In some cases downsizing may thus impair value rather than increase it. The loss will be exacerbated if downsizing is accompanied by ill-judged boardroom pay rises. Indeed, there is growing academic evidence to back the logic of this week's call by Mr Stuart Hampson, chairman of Britain's John Lewis Partnership, to cut the earnings gap between the board and the workforce. If employees' sense of fairness is disregarded, competitiveness may suffer as loyalty falters.

How well the stockmarkets capture such values is moot. Companies should do more to highlight their existence.

Fund failures

Another market scandal, another premature, ill-judged regulatory reform?

The Investment Management Regulatory Organisation and the Bank of England are considering an increase in the capital adequacy requirements on fund managers. Mr Peter Young's exotic behaviour at Morgan Grenfell Asset Management and rule-breaking at Jardine Fleming exposed dangers in the staid world of fund management previously thought confined to glitzier areas such as derivatives.

Capital rules are more usually imposed on banks. Because of links between banks and the term structure of their assets and liabilities, the collapse of one can quickly spread to many others. In contrast, failure of a fund manager would not drag others down. And the separation of client and company funds means that investors will be inconvenienced by a failure, but rarely impoverished.

Fund managers do need capital for other reasons. A run on a unit trust might cause problems for managers if they had to liquidate investments quickly and shrink the company's cost base to reflect reduced income from charges. But fund managers anyway keep a capital cushion against such eventualities. Mercury Asset Management's recent standby loan of £250m shows that companies are keen to reassure investors. The regulators have yet to prove that, left to their own devices, the fund managers' cushion would be inadequate.

The regulators can do nothing about the main source of uncertainty: investment risk. An endemic cult of performance means investors often base their decisions unwisely on growth over a very recent period and companies turn to a system of "star" managers. Investors and companies can both be blinded by success, and forget that higher returns can rarely be earned without greater risk.

Capital adequacy rules might also act as a barrier to competition from companies without wealthy parents. Already the top five manage two-thirds of total funds. The risk for investors is that this small group could operate as a cartel.

Finally, there is the risk of negligence or fraud. Recent scandals suggest the main problem is incompetent management, not inadequate regulation. Internal controls need strengthening and the roles of auditors and professional trustees clarifying. Capital requirements are not the answer.

Choppy waters ahead

Declining returns on container operations are behind the recent spate of shipping mergers, writes Charles Batchelor

Since the first containership crossed the Atlantic in May 1966, world trade has come to be dominated by the containerised freight. Cheap to operate and easy to handle, the ubiquitous container accounts for close to 60 per cent of sea-borne trade by value.

But financial success has eluded many of the shipping companies involved, and the diminishing returns in a fast-growing industry are forcing container lines to seek competitive advantage through mergers.

This month Neptune Orient Lines of Singapore made an agreed $825m (£508m) bid for American President Lines of Oakland, California to create the sixth biggest company in terms of the number of containers in service. And in December, the merger of the container interests of P&O, the UK group, and Nedlloyd of the Netherlands created the world's largest container company.

"Size is not an automatic guarantee of success," warns Mr Bernd Wrede, chairman of Hapag-Lloyd, the German shipping company. "The efficiency of operations is what will be decisive."

But the spate of mergers is a recognition that the larger groupings will be better placed to strike a good deal for their customers and provide a more comprehensive network of services.

The container's success has been due to its ease of handling and the protection it offers against damage and theft. One crane operator can load and unload cargoes which would have occupied a small army of dockworkers in the 1950s. Port turnround times of vessels have been reduced from three weeks to 24 hours.

The greater efficiency dramatically reduced the cost of shipping. Before the arrival of the container the cost of sea freight was typically 5 per cent to 10 per cent of the value of the consignment. Now a $6,000 motorcycle can be shipped on an intercontinental journey for $85, 1.5 per cent of its value, and a $1 can of beer for 1 cent.

With 10m containers and 6,190 ships in service, the container has become so cheap and universal it is used for mundane, relatively low-value products such as waste paper. And trends in manufacturing – towards the global sourcing of supplies and just-in-time production techniques – have boosted world trade and thus the container industry.

The attractions of containers have generated constant growth of the market. Average annual growth rates have been between 8 per cent and 10 per cent during the 1990s and NatWest Securities expects expansion of 8 per cent – to 159m container movements through ports – this year.

But after a golden age during the 1970s and early 1980s when returns were in double figures, they are now much lower or even negative for many carriers.

"The problem is not lack of growth in revenues overall but rather a constant erosion of revenues per box," says Ms Jane Boyes, editor of Containerisation International. "There has been a decline of as much as 60 per cent in real terms in certain key east/west trades since the mid-1970s."

Overcapacity has been the main reason for this constant downward pressure on rates and profits. This looks like getting worse with a record level of new orders as owners buy larger, more modern and more efficient vessels. Competition for shipbuilding work around the world means they can obtain good credit terms to build.

Ships capable of carrying 1.1m standard containers are currently on order, according to Containerisation International. This compares with existing world capacity of 4.8m containers – giving an order book equivalent to 22 per cent of the existing fleet.

Ships are also getting larger. Their size was for many years constrained by the locks of the Panama canal – even though many never passed through it. But in the late 1980s, American President Lines ordered a ship 39m wide; previous maximum width had been 32.2m. P&O recently ordered four ships with capacity for 6,000 containers, and designs have been drawn up by some shipyards for 8,000 container vessels.

At the same time engine speeds have increased from about 22 knots to 24 knots. In addition, more sophisticated sailing patterns and closer co-operation between shipping lines on route-sharing agreements could help lift capacity by more than 25 per cent this year, and a further 20 per cent in 1998, according to a survey by Lloyd's Shipping Economist, a trade magazine.

The old-established European and north American shipping lines are also facing competition from new Asian lines, may of which receive subsidies from their governments as an arm of their trade policy.

Evergreen of Taiwan – founded as a one-vessel company in 1968 – was leader of the container shipping league until the P&O/Nedlloyd merger. Other large but relative newcomers to the industry include Hanjin Shipping of South Korea and Cosco of China.

The pressure on established shipping lines has mounted with the breakdown of the shipping conferences – agreements between companies to set cargo rates and capacity levels on important routes. Shippers' organisations and regulators see such organisations as unfair restraints on free trade which have delayed efficiency improvements.

"The shipping lines are not as unprofitable as they claim," says Mr Chris Welsh, secretary general of the European Shippers' Council. "The changes which are now taking place in the industry will give new opportunities to drive out costs. The liner conference system has not been very efficient over the past 15 years."

The European Commission has levied fines on the Far Eastern Freight Conference and is challenging the Trans-Atlantic Conference Agreement, a conference of 15 shippers on north Atlantic routes.

Although the shipping lines are attempting to defend the conference system, it is already being replaced with more loosely constructed alliances. These impose fewer rules on their members but are broader in their geographical scope.

They allow members to combine their schedules and jointly negotiate access to port terminals. Crucially, to avoid the regulators' scrutiny, they do not agree common rates.

Three alliances have been formed between the large shipping groups with P&O teaming up with Hapag-Lloyd, NYK and Neptune Orient in what is known as the Grand Alliance. Maersk has linked with Sea-Land, and Nedlloyd has got together with Orient Overseas Container Line, American President Lines and Mitsui-OSK in the Global Alliance.

The shipping lines see the alliances as a means of reducing costs by up to $100 per container a year or a total of $1.3bn. Hapag-Lloyd calculates that the four members of its alliance have each achieved savings of $10m over the past two years, though the initial costs of establishing the alliances have reduced this amount.

However, these arrangements have come under pressure from the current wave of mergers, which is bringing together partners from competing alliances. P&O and Nedlloyd have said they will announce which of their two alliances the merged company will join in the first half of 1997. Neptune and American President Lines face a similar choice.

But there are limits to what can be achieved through alliance arrangements and, despite being relatively recent arrivals on the shipping scene, their value is already being questioned by the bigger shipping lines. They cannot deliver fast decision-making, close co-operation between managements and the opportunity to make really large cost savings.

"In an alliance you still compete," says Lord Sterling, P&O chairman. "Once you go across borders companies become very protective. Alliances are not dead but their members will have to think carefully about how they operate."

Hence the wave of mergers, which offer much more significant savings. The merger between Neptune and American President Lines is expected to produce savings of $130m on joint annual turnover of $4.1bn, according to Mr John Pachtner, a director of APL.

And when P&O and Nedlloyd announced their container merger in December, they expected to make annual savings of $200m on business worth $4bn. Now they have been able to look more closely at combined purchasing opportunities, information technology systems and port terminal costs they believe they can "comfortably exceed" this figure.

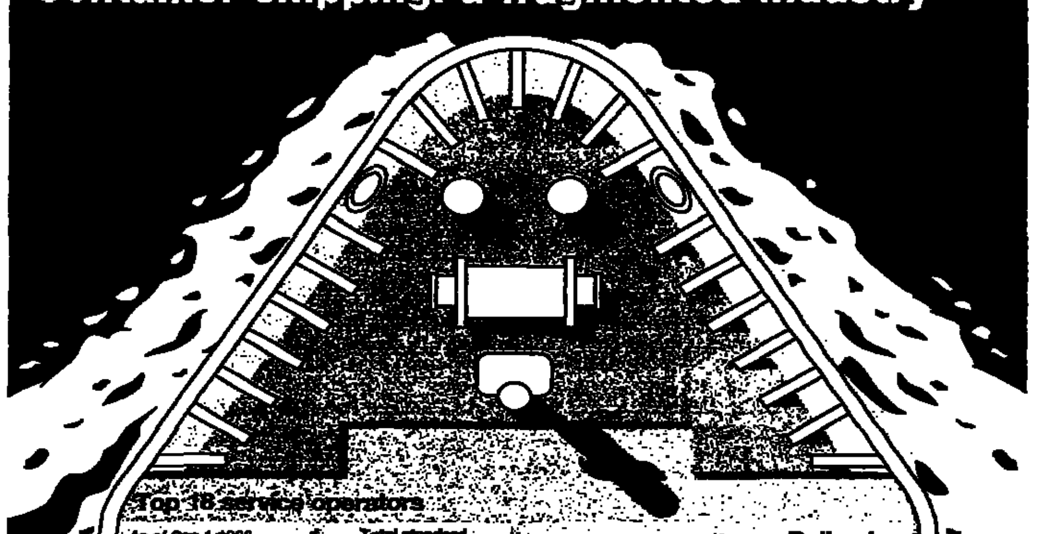
Combining cultures and management styles across borders is not easy. And regulators are often unwilling to see national flag-carriers pass into foreign hands. The merger between Neptune and American President Lines, for example, must be approved by the US Maritime Administration, which provides subsidies to US shipowners.

But even this latest round of mergers and alliances still leaves a highly fragmented industry in which more than 750 shipping lines provide container services, with the top 20 companies accounting for just 41 per cent of the business. There is still plenty of room for further consolidation.

"This is going to remain a competitive industry and anyone who believes conditions will get smoother is wrong," says Mr Wrede of Hapag-Lloyd.

Additional reporting by James Kynge in Singapore and Nancy Dunne in Washington

Container shipping: a fragmented industry



Top 18 service operators

As of Sep 1 1996	Total standard container capacity 20ft equivalent units (TEU) In service	On order
P&O/Nedlloyd	217,357	34,696
Evergreen Line/ Uniglory Marine	205,224	72,928
Sea-Land Services	203,244	18,348
Maersk Line	199,479	73,500
Cosco	183,726	61,936
APL/PUL/ Neptune Orient Lines	159,189	26,400
NYK Line/TSK Line	129,731	41,065
Mitsu OSK Line	128,415	n.a.
Hanjin Shipping	115,815	40,050
Mediterranean Shipping	114,160	n.a.
Hyundai Merchant Marine	97,852	25,189
Zim Israel Navigation	92,772	17,000
Hapag-Llyod	85,722	13,266
K Line	83,634	n.a.
Yangming Marine Transport	81,229	n.a.
OOCL	76,419	15,920
DSR-Senator Lines	70,908	29,542
CMA	53,229	32,060

Source: Containerisation International

Deliveries

2,500 TEU plus — Year of deliveries	Number of vessels added	Total TEU of vessels added
1991	28	90,400
1992	34	119,600
1993	30	105,100
1994	38	142,100
1995	49	200,100
1996 (to Sep 30)	46	193,200
Total in service	462	1,573,200

On order

2,500 TEU plus (as of Sep 30 1996) — By date due for delivery	Total	Cumulative total
1996 (from Oct 1)	16	478
1997	74	552
1998 (orders to date)	46	598
1999	n.a.	n.a.
Total on order	136	n.a.

Source: LSE Containership Database

Graphic by Chris Walker

OBSERVER

Dream team for Tokyo?

■ Three important vacancies at the US embassy in Tokyo have attracted the attention of officials of Japan's ministries of finance, foreign affairs, and international trade and industry. There has been much discreet lobbying, and apparently officials have high hopes of a new team being more sympathetic to their concerns than the last.

Tom Foley, former Democratic speaker of the US House of Representatives, who lost his seat in 1994, is expected to get the job of ambassador, recently vacated by former presidential candidate Walter Mondale.

Deputy chief of mission seems likely to be veteran state department official Christopher Lafleur, who on a previous posting to Japan met and married the daughter of former prime minister Kiichi Miyazawa. Tipped as chief economic adviser is Kent Calder, a Princeton professor specialising in Japanese affairs.

Ministry officials, who privately refer to the three as "Japan Inc's dream team", would welcome a change from the tough-talking Mondale, who didn't shrink from speaking out on thorny issues, such as the trade disputes which are such a feature of US-Japan relations. Foley, by contrast, developed a reputation for stolid reliability during his time as speaker, throwing the rumbustiousness of his successor Newt Gingrich into sharper relief. The American business community in Tokyo can't wait for the outcome.

Sitting target

■ Afghanistan's Islamic fundamentalist Taliban fighters are dithering over whether to blow up what was one of the country's main tourist attractions when there were still tourists to attract.

Persian Buddhist conquerors in the 3rd or 4th century built a 55 metre statue – still the tallest standing Buddha in the world – in a niche in a cliff face beside the Silk Road trading route. After the area became Islam, its face was carved off under the Moslem prohibition on portraying a deity's face, then a thousand years of Islamic rulers left it alone.

The Big Buddha, and its 35 metre neighbour, were heavily advertised to tourists in the 1960s and 70s, but caught a rocket-propelled grenade – still unexploded – in the chest during the anti-Soviet war in the 1980s. The fundamentalist Taliban in the latest civil strife are now only 60 miles away and frontline commander Abdul Wahid says he'll end a millennium of toleration by dynamiting the cliff, because the statue represents an "infidel" religion and is of no scientific or historical value.

The UN and strongly-Buddhist Sri Lanka have led international protests, bringing a statement from Kabul that no decision had yet been made. The outcry hasn't impressed local people. "We have been shot at, blown up and killed for years, and the world is only concerned about a statue," complained shopkeeper Mohammad Shah.

Deadweight loss

■ Looks like Tonga should be more careful when it's offered a present, especially one that floats. Eighteen months after France gave the South Pacific nation a tanker as a reward for not objecting to French nuclear tests, she still hasn't carried a single paying cargo and has been laid up for months in New Zealand for about $3.5m worth of work to make her seaworthy.

Tonga proved a good chum to France in 1995 when it carried out a series of nuclear tests at Mururoa Atoll. While other Pacific states raged, Tonga refused to criticise. The 25-year-old 2,200 tonne former military tanker Lomipeau was part of an aid package from a grateful France, but when the Tongans offered her services to BP and Shell, both said she was not up to standard. The French embassy in Wellington says Tonga knew perfectly well that the tanker would need a lot of work.

The incident reminds Tongans of the gift of two naval patrol boats from Australia which Prime Minister Baron Vaea later said were not practical and had been costly to run. Next time friends offer a gift, maybe Tonga should take the money.

French kisses

■ Paris in the spring: a city of love, romance, and double-entry bookkeeping. Next week the 2,700 partners of Arthur Andersen and Andersen Consulting hit town for the annual meeting of their umbrella body – Andersen Worldwide – in the vast Palais des Congres, a state-of-the-art conference complex with electronic voting buttons at every seat.

But all is not lovey-dovey. The two sides of the Andersen empire occasionally tussle over the same clients. Andersen Consulting, once the junior partner, now earns bigger bucks than its venerable senior. So are divorce proceedings about to start? Possibly, but most of the talk is about kissing and making up. Must be that Paris air.

The Financial Times

50 years ago

The French Budget
Paris, 24th April. In a final effort to balance the ordinary Budget, the Cabinet has adopted a proposal by the Finance Minister, M. Schuman, to impose on each ministry an immediate reduction of its expenditure by 7 per cent. It is hoped by this means to fill the present gap between total estimated expenditure of Frs.612 milliards and revenue of Frs.590 milliards. M. Schuman dwelt on evidence of the halt in the rise of prices, on the increase of industrial production and on the improvement of the free market rates of the franc abroad.

Dutch Deficit Problem
Amsterdam, 24th April. This year will be a strenuous one for the Netherlands because, against urgently needed imports at anticipated high prices, exports will remain relatively low. The large gap must be bridged by liquidation of foreign assets and by foreign loans. This is the background of the foreign exchange note of the Finance Minister, Professor Lieftinck. The deficit in the payments balance for 1947 is estimated at 2,234 million guilders against recent estimates of 1,400 millions.

SSAB to lift prices in second quarter

By Greg McIvor in Stockholm

SSAB, the Swedish steel group, yesterday raised the prospect of a long-awaited upswing in steel prices, saying that it would increase prices in most of its markets during the second quarter.

Reporting a sharp decline in first-quarter profits, SSAB said prices had risen just over 1 per cent in the first three months of 1997, compared with the final quarter of last year.

The increase ended five successive quarters of declining prices which have badly dented profits across the European steel industry.

Mr Leif Gustafsson, SSAB chief executive, said: "This increase indicates that the trend has been broken. During the second quarter we will be able to increase prices somewhat again in local currencies in most markets."

The comments triggered a surge in SSAB's stock, with the most-traded A shares closing up SKr10 at SKr142.

Pre-tax profits fell from SKr844m a year earlier to SKr470m ($61.6m), although the decline was only SKr18m from the final quarter of 1996 and shallower than market forecasts. Earnings per share were SKr2.60 against SKr4.70.

SSAB said that the deterioration was caused by lower margins in steel operation and lower net financial items.

Western European demand for steel appeared to have stabilised, but the company stressed that concrete evidence was still lacking of a "general increase in consumption".

Turnover slipped from SKr4.7bn to SKr4.3bn, reflecting the price erosion throughout 1996.

Prices were just over 10 per cent lower than in the corresponding quarter of 1996, SSAB said.

Orders for steel sheet and heavy plate "increased somewhat" in the first quarter against the fourth quarter last year.

Prices of raw materials, notably iron ore and coal, would increase about 5 per cent this year because of the stronger US dollar, SSAB said.

The higher raw materials costs had not yet significantly affected earnings.

SSAB said that a comprehensive assault on costs, launched in 1996 and due to continue this year, was paying off. Operating costs fell from SKr3.85bn to SKr3.7bn.

Eni chief sees future in oil 'federations'

For Mr Franco Bernabe, managing director of Eni, Italy's partially-privatised oil group, the world petroleum industry appears to be following a perverse economic logic of its own.

Rather than adhering to the general industrial trend towards consolidation, the industry is experiencing an "explosion" in the number of international oil companies. "Oil is the only industry breaking up into more bits, rather than consolidating," he says.

At the heart of the expansion is the widespread privatisation of national oil companies and liberalisation of domestic energy markets, which has caused a number of electricity generators and other energy providers to seek upstream oil and gas assets.

The problem, according to Mr Bernabe, is that the newcomers are all following the same strategy: "Everyone wants to be an international oil major."

Although greater competition in an industry still largely dominated by a handful of big western oil groups might appear beneficial, Mr Bernabe believes growing competition for upstream assets will prove unsustainable, especially as it is raising costs for the industry generally.

He sees the high premiums paid in recent takeovers in the sector as a symptom of that competition, and one of the main reasons why more innovative ways must be found for oil companies to grow.

"Acquisitions are too expensive and exploration is complex and long term," he says, especially when much of the value in the industry is still to be found in the older oil provinces.

Mr Bernabe's big idea is a "third way" for oil companies to expand upstream. This would entail the formation of "federations" of companies linked by cross-shareholdings but retaining their separate identities.

Assets in a particular region would be transferred to whichever federation member had the greatest experience or knowledge of the area. "Does it make sense for us to manage our assets in the Gulf of Mexico, where we are a small player?" Mr Bernabe asks. "Wouldn't it be more sensible to have someone else manage those reserves and have Eni take an interest in that company?"

Such arrangements would allow lower costs and shared services, and tap the corporate knowledge that is central to achieving economies of scale upstream.

"Oil companies are really knowledge companies, not engineering companies. What we want to do is transfer to the upstream the economies of scale that are being achieved through co-operation in the downstream."

Mr Bernabe concedes that the management of such relationships will be much trickier than the technical partnerships which currently characterise international oil exploration and production. It also means overcoming the loss of corporate pride that will inevitably accompany the transfer or loss of oil field operatorships.

But if such link-ups are the wave of the future, does the fact that Eni has so far not succeeded in persuading other companies to join suggest a lack of interest? "Though we have not found the right combination so far, I am strongly motivated in doing so," Mr Bernabe says. "There must be a way of combining the needs and aims" of different companies "in a way that produces better shareholder value than the traditional growth models for the industry.

Franco Bernabe: 'Acquisitions are too expensive and exploration is complex and long-term'

Similarly, Mr Bernabe's decision to relocate some international operations to London is intended to hasten a change in Eni's culture and turn it into a true multinational. "A major problem is our focus on Italy," he says. "It's deeply rooted in the culture of our people, and even our international operations are linked to Italy. Our people abroad are simply appendages of the Italian headquarters.

Robert Corzine

Anglogold follows trend as profits dip 34%

By Mark Ashurst in Johannesburg

Anglogold, the gold division of Anglo American, yesterday joined rival South African gold producers JCI and Randgold in reporting lower profits and a sharp decline in gold output for the March quarter.

Net profit after capital expenditure, which was sharply curtailed in response to the weak bullion price, fell 34 per cent from R341m to R224m ($50.4m). Analysts said the results were in line with expectations, which had been damped by this year's drop in bullion prices.

Total gold production fell from 54,014kg to 50,207kg in the three months to March 31, while the average gold price received dropped by 4 per cent to R55,756.

Mr Bobby Godsell, chief executive, said "active hedging" had softened the effect of the decline in the spot gold price, which had fallen 9 per cent over the period.

Freegold mine, the world's biggest gold producer, said combined losses of R18m at four marginal shafts contributed to a 43 per cent fall in net profit to R62.9m.

These shafts had become "an unsustainable burden" and would have to close unless the gold industry made "meaningful progress" towards improved labour productivity, said Mr Godsell. Earnings per share fell from 96 cents in the December quarter to 55 cents.

Analysts said Freegold's performance was well below expectations.

The group's more robust mines – Vaal Reefs, Western Deep Levels and Elandsrand – achieved the targets set by management last year.

Net profits fell by 24 per cent to R77.3m at Vaal Reefs; by 46 per cent at Western Deeps to R35.6m; and by 25 per cent to R31.1m at Elandsrand.

Earnings per share for the quarter fell from 532 cents to 404 cents at Vaal Reefs; from 239 cents to [illegible] cents at Western Deeps; and from 42 cents to 32 cents at Elandsrand.

East Rand Gold and Uranium Company reported a 20 per cent decline in net profit to R17.4m. Gold output was 1 per cent lower at 3,281kg. Earnings per share were 34 cents, compared with 42 cents in the December quarter.

Capital expenditure at all operations had been cut by [illegible] trend of rising capital expenditure, which increased by 38 per cent in the December quarter.

Mr Godsell said increased expenditure to prolong the life of mines had always depended on the strength of the gold price.

Fiat posts small advance

By Robert Graham in Rome

Fiat, the Italian automotive group, yesterday revealed a modest upswing in first quarter 1997 pre-tax profits, from L464bn to L495bn ($291m). Turnover rose 4.4 per cent to L20,844bn.

After confirming the 1996 consolidated net profit of L2,371bn, the board said it would be recommending an unchanged dividend of L100 per ordinary share and L130 per savings share with respect to 1996, making a total dividend payout of L522bn.

The board is also proposing a scrip issue of one share for every 10 in circulation as of January 1 1997. Fiat's last scrip issue was in 1987.

The group, Italy's largest private company, has a current paid-up capital of L4,932bn.

The company said the improvement in the first-quarter owed much to the core car business, where turnover rose almost 6 per cent to L11,826bn.

Last year, cars accounted for 54 per cent of sales, but this climbed to 57 per cent in the 1997 first quarter, when Fiat sold 628,000 cars, a 3.7 per cent increase on the same period the previous year.

There was a strong increase in domestic sales, thanks to government incentives to trade in cars aged 10 years and over.

BCH rise signals sustained recovery

By Tom Burns in Madrid

First-quarter results at Banco Central Hispano, the Spanish bank which is leading an international consortium to acquire the country's second domestic telecoms operator, indicated that it is on the path to sustained recovery.

BCH lifted net attributable profits 20.1 per cent compared with the first three months of 1996, to Pta12.4bn ($86.4m). Growth came mainly the core banking business, where tight cost control and aggressive marketing fuelled a 10.5 per cent rise in net interest income, to Pta73.5bn, and a 31.8 per cent increase in operating profit, to Pta32.4bn.

However, the bank was unable to give any clarification on apparently conflicting interests in the contest to acquire Retevisión, the fixed-line carrier that the government plans to privatise before the summer.

BCH is leading a consortium that includes France Telecom, Deutsche Telekom and Sprint of the US, the partners in the Global One telecoms alliance.

A rival group preparing to bid for Retevisión is formed by Stet, the Italian operator, and by the domestic utilities Endesa and Unión Fenosa, which are closely linked to BCH.

The bank's first-quarter profits are low compared with those of rival domestic banking groups, but the results underlined that a two-year restructuring programme at the bank, involving charges to strengthen the balance sheet and cuts in dividends, is bearing fruit.

In 1995, BCH posted net attributable profits of Pta12.4bn, the same bottom-line figure that it reported for the first three months this year. The bank now forecasts profits will rise from last year's Pta33bn to "at least" Pta50bn.

Analysts believe that BCH – which has 2,568 branches, more than any other domestic bank – has room for profits improvement now that the domestic economy is showing robust growth.

Its return on assets (0.43 per cent, up from 0.39 per cent a year ago) and its return on equity (12.5 per cent compared with 10.6 per cent) are below the ratios reported by rival banks.

EUROPEAN NEWS DIGEST

Profits at Scania almost halved

Profits at Scania were almost halved in the first quarter as the Swedish truckmaker battled sagging demand in western Europe, its main market. Pre-tax profits fell from SKr1.2bn to SKr642m ($84.5m) and earnings per share slid from SKr3.95 to SKr2.10. Scania said profits had been helped by a SKr150m gain from the weaker Swedish krona.

The figures were in line with expectations and Scania's most-traded B shares advanced SKr4.50 to SKr192, just above the SKr186 offer price when a 55 per cent stake in Scania was floated on the stock market last year by Investor, the Swedish investment company.

Scania said soft demand resulted in lower capacity utilisation in the truck industry, fuelling pressure on prices. At the same time, prices were helped by the introduction of its new 4-series truck.

Greg McIvor, Stockholm

Stena remains in the red

Stena Line, of Sweden, the world's largest ferry operator, remained loss-making in the first quarter, in the face of fierce competition on English Channel crossings. The pre-tax deficit was SKr498m ($64.9m), after a SKr504m loss at the same stage last year. Stena lifted turnover from SKr1.6bn to SKr1.8bn, although half of the increase was ascribed to favourable exchange rates. Stena's share of car and freight traffic on the Dover-Calais route increased to 18 per cent and 27 per cent, respectively, but margins were squeezed by price competition from Eurotunnel, the cross-Channel tunnel operator.

Greg McIvor

CU France in deals with Suez

Commercial Union France yesterday agreed to buy the 73 per cent stake owned by Suez, the French holding company, in Société d'Epargne Viagère, a life assurer, as well as a specialist brokerage house.

The transaction, for an undisclosed sum, involves the transfer of a portfolio with a net asset value of £90m ($145.8m). The deals represent the latest effort by Suez to focus on utilities, and away from utilities provision, following its planned merger with Lyonnaise des Eaux, the French utilities group.

Andrew Jack, Paris

Puma advances to DM30.6m

Puma, the German sportswear manufacturer, yesterday announced a 10.4 per cent rise in first-quarter pre-tax profits to DM30.6m ($18m). Net sales rose 3.6 per cent to DM153.6m. Mr Jochen Zeitz, chief executive, said the company was set for a fourth consecutive year of record profits as the company continued its recovery from near-bankruptcy in the early 1990s.

Graham Bowley, Frankfurt

French insurer raises Fr4.4bn

AGF Assurances, the French insurance group, has raised FFr4.4bn ($762.6m) with a new kind of convertible bond as part of moves to restructure its debt. "The bond will allow the company to extend the maturity of its debt, much of which is short-term," AGF said.

Unlike a conventional convertible proceeds from the issues – known either as reconvertible capital note, or as an Oscar (its French acronym) – will be seen as more like capital than debt by market analysts, strengthening the group's balance sheet.

In addition [illegible] can be [illegible] the [illegible] ratios [illegible] of AGF's main operating subsidiaries falls below [illegible] pre-agreed level. The note's maturity of [illegible] years is longer than usual.

The issue was oversubscribed three and a half times, according to Goldman Sachs, joint bookrunner on the deal alongside Société Générale, the French bank. It offers a coupon of 3.5 per cent and is convertible into AGF shares at FFr229, a premium of 15[illegible] per cent above yesterday's closing price. Alternatively, the bonds can be redeemed in cash at FFr315.

[illegible]

Battle lines drawn over Retevisión

Tom Burns reports on the contest for Spain's second fixed-line telecoms operator

Rafael Arias-Salgado, Spain's development minister, was worried at the beginning of this year that, at best, only one group would be willing to take on Retevisión, the vehicle for breaking Telefónica's domestic monopoly.

In the event, Spain's future second fixed-line operator, which the government will privatise this summer, has attracted just about everybody who counts in the industry.

An important consequence of the contest, competitor, which opened earlier this week with potential buyers expressing formal interest, is that its outcome should clarify agreements among international operators.

Spain has become the latest battleground for the big telecoms groups, in part because the domestic market is both strategic and profitable and because Mr Arias-Salgado has purposefully kick-started Retevisión into action by allowing it aggressive pricing possibilities.

Telefónica was at the centre of a global realignment of alliances last week, when it pulled out of its joint venture with Unisource to join Concert, the group formed by British Telecom and MCI, of the US. The switch has stimulated rival alliances to take on Concert's new associate on its own ground.

Telefónica's home market is clearly enticing: the domestic economy is growing ahead of the EU average and telephone culture in Spain is just begining to take off. The national operator's revenues from basic telephone services rose 16 per cent last year to Pta1,407bn ($9.7bn), and it forecasts annual growth of 3 per cent in new lines and up to 8 per cent in line usage over the next three years.

The Spanish market is clearly enticing: the domestic economy is growing ahead of the European Union average and telephone culture in Spain is just begining to take off

The possibilities of sharing this growing domestic business have been significantly improved by Mr Arias-Salgado's determination to introduce meaningful competition. Last month he fixed a low telephone interconnection fee – the price that Retevisión will pay Telefónica for using its lines – to give the second operator a good margin for undercutting Telefónica's charges.

The message has been well understood, to judge from the interest in Retevisión. France Telecom, Deutsche Telekom and Sprint of the US, which together form the Global One alliance, are preparing a bid; Germany's Mannesmann, in association with AT&T, is preparing another; and Italy's Stet is drawing up a third.

Telefónica's former partners in Unisource – the national operators of The Netherlands, Sweden and Switzerland – have also declared a formal interest. However, because of their link to Telefónica up until last week, they were too late to form a separate consortium.

It is expected that the composition of the groups seeking to control Retevisión will alter before May 12, when a two-month period opens in which prospective buyers have to enter final bids. These changes will in turn reflect shifts in global telecoms alliances.

The field could narrow to just two contestants: the Global One partners, which have joined a consortium backed by Renfe, the national railway, and led by Banco Central Hispano, the big domestic retail bank; and a second group that would bring together most, if not all, of the other international operators that have expressed interest in Retevisión.

Unisource is an obvious candidate for joining the AT&T-Mannesmann consortium, because it is the US group's strategic ally in Europe. Unisource has first, however, to sever its links with Telefónica before taking a stake in Retevisión.

Stet, which has formed a venture with Endesa, the dominant domestic utility, and with Unión Fenosa, the third-ranked electricity generator in Spain, could in turn use its planned entry into the Spanish market to draw close to Unisource, possibly replacing Telefónica in this alliance.

There is also uncertainty over the continued presence of Endesa and of Unión Fenosa in a consortium rivalling the team formed by BCH. The bank is a shareholder of both utilities. Its chairman, Mr José María Amusátegui, is also chairman of Unión Fenosa, and BCH signed an agreement two years ago with Endesa to invest jointly in the power and telecoms sectors.

The two utilities and BCH are, in addition, core shareholders of Airtel, the mobile operator which competes with Telefónica in the cellular sector. Should the domestic companies lead rival consortia, the international operators that partner them will have the opportunity to become Airtel shareholders, because BT is due to sell a 15.8 per cent stake it has in the mobile operator following Telefónica's agreement with Concert.

FINANCIAL TIMES COMPANIES & MARKETS

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IN BRIEF

Procter & Gamble profits rise 16%

Procter & Gamble, the US consumer goods company, improved on a relatively weak performance at the beginning of last year by reporting a 16 per cent increase in net profits to $881m for its fiscal third quarter to March. Page 21

Anglogold reports falling output
Anglogold, the gold division of Anglo American, joined rival South African gold producers JCI and Randgold by reporting lower profits and a decline in gold output for the March quarter. Page 18

Eurotunnel cuts losses by $131m
A 71 per cent increase in revenues during its second full year of operation enabled Eurotunnel, the operator of the Channel tunnel, to cut its losses by $131.22m to $1.04bn in the year to December 31. Page 22

Co-op begins private prosecution
The Co-operative Wholesale Society started a private prosecution of Mr Andrew Regan only hours after the 31-year-old businessman's $1.94bn plan to take over the Co-op collapsed because a main financial backer pulled out. Page 22

Dow Chemical beats expectations
Dow Chemical became the latest in a series of US chemical companies to beat analysts' earnings estimates, coping better than expected with currency moves and pricing pressures. Page 21

Softbank benefits from US performance
Strong performances from its US subsidiaries boosted profits at Softbank, the fast-growing Japanese computer software, publishing and exhibition company. Page 20

MCI maintains pre-tax profit position
MCI, the US telecoms group planning to merge with British Telecommunications this year, saw first-quarter profits before tax held to the same level as last year as a result of heavy investment in local US markets and abroad. Page 21

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
CKAG Colonia Pr	139	+	4
Ind Werke	469.0	+	26.5
Porsche	2120	+	72
SAP AG	307.8	+	11.8
Schmalbach Lub	394.7	+	12.2
Falls			
DLW	140	–	5
NEW YORK ($)			
Rises			
Comp Assoc	48¼	+	4¼
IBM	152¾	+	10½
MEMC Elec	25¾	+	2¼
Falls			
Bread Tech	17¾	–	1½
Comsat	20½	–	1¾
US Airways	31	–	3½
LONDON (Pence)			
Rises			
Drew Scientific	155	+	28½
Folkes NV	70	+	10½
Omnicare	157	+	28½
Falls			
Ashley (Laura)	104	–	41
Superscape VR	275	–	45
Vickers	202½	–	23½
TORONTO (C$)			
Rises			
Asia Pac Res	3.8	+	0.45
Beacon Eye	3.75	+	0.50
Samuel Manf	19.75	+	1.75
Falls			
Bard One Recs	3.40	–	0.55
Consol HCI B	0.20	–	0.53
Metrowerks	7.0	–	0.6

PARIS (FFr)			
Rises			
Dassault Systm	349.9	+	9.8
Geophysique	492.0	+	18.8
Union Immob Fr	457.5	+	11.5
Falls			
Club Med	440	–	17
Guilbert	968	–	51
Interbail	220	–	7
TOKYO (Yen)			
Rises			
Chiyoda	461	+	27
Falls			
Chichibu Onoda	395	–	20
Fujita Kanko	1500	–	90
Nissanbo Ind	808	–	34
Shimizu Corp	571	–	26
Toa Corp	385	–	24
HONG KONG (HK$)			
Rises			
China Merchant	7.85	+	1.30
China Res	23.75	+	2.55
Maanshan Iron	1.7	+	0.17
Min Xin	4.30	+	0.65
Shanghai Hai	1.70	+	0.19
Falls			
Goodwill Inv	2.10	–	1.15
BANGKOK (Baht)			
Rises			
Eastern Wire	20.25	+	1.75
Jalaprathan	20.0	+	1.75
Thai Sreshthrk	22.00	+	1.75
The Manager	89.5	+	7.5
Falls			
PAE	29.25	–	3.00
Siam Gen Fac	21	–	4

New York and Toronto prices at 12:30.

ICI profits fall by two-thirds

UK chemical company's failed bid for Unilever speciality businesses revealed

By Jenny Luesby

Imperial Chemical Industries' status as one of Europe's leading chemical companies took a further knock yesterday after it announced that pre-tax profits in the first quarter had fallen to a third of their level a year ago.

It also emerged that the company last year bid for the chemicals division of Unilever, which has since been put up for sale. It is understood that Unilever decided against negotiations with the chemicals group because it believed it could secure a better price through an open sale.

ICI refused to comment on whether it was still interested in the Unilever division.

Hit by falling chemical prices and the strength of sterling, ICI disappointed the market yesterday with pre-tax profits, before exceptionals, of £65m in the first quarter, compared with £202m in the same period of last year.

The group's share price fell more than 3 per cent to close at 697.5p.

Earlier in the week, shares rose on reports that ICI had bid for all four of the speciality chemicals businesses being sold by Unilever.

It is understood ICI approached Unilever with the offer last autumn, before the public auction. Relations have since been strained between the two companies.

Mr Charles Miller Smith, chief executive of ICI, was formerly a director of Unilever and the chief executive of one of the businesses now up for sale, the food flavour and fragrances business, Quest.

Unilever sources say ICI is now one of 50 bidders for all or part of its chemicals businesses.

An ICI acquisition of the Unilever businesses would take the company back into sectors it left several years ago. It would also stretch the company financially.

However, ICI is under considerable pressure to shift its business away from industrial chemicals and towards speciality chemicals.

Its industrial chemicals division, which accounted for more than half of the group's pre-tax profits in 1995 and around a fifth last year, incurred losses in the first quarter of this year.

ICI's overall sales volumes rose by 5 per cent in the first quarter, but reduced prices led to a decline in sales, also of 5 per cent, to £2.4bn.

Mr Alan Spall, finance director, said falling prices for polyester plastics and the white pigment titanium dioxide had knocked profits by £110m in the first quarter. Another £50m had been lost through other chemical price falls, and a further £40m through the strengthening of sterling.

Analysts yesterday downgraded profit forecasts for this year to about £500m, from a previous range of £565m to £590m.

Observer, Page 15
ICI questioned, Page 2

Hi-techs rally on IBM's net $1.2bn for quarter

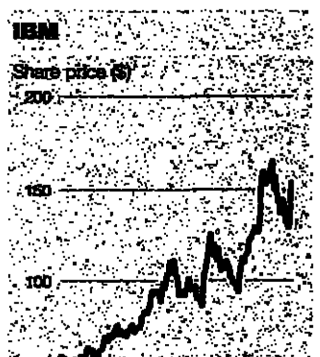
By Louise Kehoe in San Francisco

International Business Machines led a rally in US high-technology stocks yesterday, following its report of higher than expected first-quarter earnings.

IBM was trading at $153 in mid session, up 7 per cent from Wednesday's close of $142⅞. Compaq Computer jumped $2⅞ to $80⅞, Hewlett-Packard was up $1 at $50⅞ and Intel, the semiconductor industry leader, rose $2⅞ to $149⅞ in early trading. The technology-laden Nasdaq Composite Index was up 3.28 by midday.

Wall Street analysts had feared over the past few weeks that IBM might report a decline in first-quarter earnings as slowing sales of mainframe computers and the negative effects of currency exchange took their toll.

However, the computer industry leader surprised analysts by reporting earnings well above their consensus projections. This was in part due to a lower tax rate as well



as an eight per cent drop in the number of shares outstanding as IBM continued an aggressive buy-back program.

Strong sales of personal computers and hard-disk drives – segments in which IBM had trailed competitors – also helped to boost the results. IBM's services operations continued to grow rapidly with revenues up 28 per cent in the quarter.

As expected, revenues from IBM's flagship mainframe computers and related software declined. New high performance mainframes, expected later this year, should boost sales, analysts said. Net earnings for the quarter were $1.2bn, or $2.37 a share, well above the Wall Street consensus of $2.28 a share. In the same period last year net earnings were $1.2bn or $2.21 a share, excluding a charge associated with acquisitions which reduced earnings to $774m or $1.41 a share.

Total revenues for the quarter rose 4.5 per cent to $17.3bn, from $16.6bn in the first quarter of 1996. The results, reported after the market close on Wednesday, demonstrated "the strength of our broad, diversified product line," said Louis Gerstner, chairman and chief executive. "Results from the fast-growth areas of our company more than offset the weakness from our server (mainframe) line."

"Servers", a term IBM now prefers, accounted for only 11 per cent of total revenues in the quarter, down from 17 per cent in 1994, said Mr Richard Thoman, chief financial officer. Revenues from services over that period jumped from 15 to 24 per cent of the total.

Fears that rises cannot be fully passed to customers

Stora hit by paper industry price erosion

By Greg McIvor in Stockholm

Stora, the Swedish forestry group, yesterday voiced doubt that a rise in wood pulp prices announced by leading producers from next month could be fully passed on to customers.

Announcing a steep deterioration in Stora's first-quarter profits amid continuing price erosion in the industry, Mr Lars-Ake Helgesson, chief executive, said: "It may be difficult to implement the whole increase in one lump sum."

Mr Helgesson said the high level of pulp inventories was a concern. North American and Scandinavian stocks are just under 2m tonnes, well above the 1.5m tonne level considered to be equilibrium.

His remarks are likely to fuel scepticism over the attempt by a number of large North American and European producers, including Stora, to raise pulp prices from May to $580 a tonne from $520.

Producers are desperate to raise prices as many are losing money at current rates.

The move follows a decline last month in inventories of Northern Bleached Softwood Kraft pulp, the industry benchmark, and a further expected decrease in stocks this month.

However, industry observers are divided over whether the market is strong enough to support a price rise. Market pulp prices have been edging down in recent weeks. Demand for paper (for which pulp is the prime raw material) is patchy, and prices of some grades are under pressure.

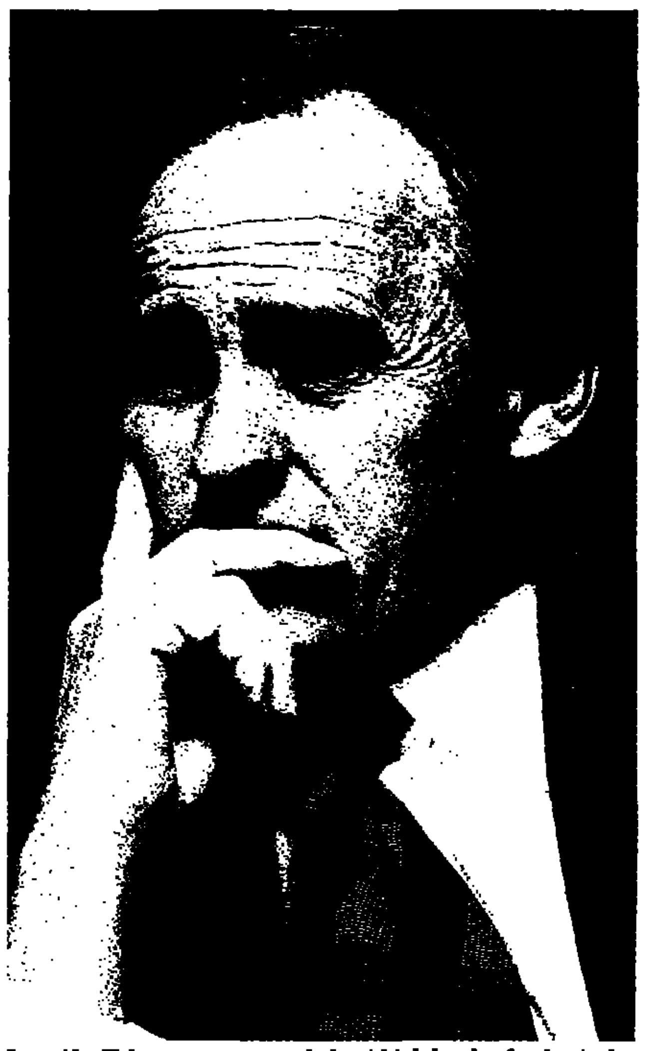
This is reflected in Stora's pre-tax profits, which fell from SKr1.2bn to SKr560m ($430m). The company incurred a SKr166m loss in pulp operations, compared with a SKr35m deficit at the same time last year.

The drop in group profits was entirely due to lower prices and would have been worse but for improved delivery volumes, a favourable currency effect of SKr100m, and lower volume costs.

Group turnover slipped from SKr12.4bn to SKr10.7bn, but earnings were above forecasts, largely due to higher production at Stora's hydroelectric plants. This, and an upgrade of three North American forestry stocks by Morgan Stanley, helped lift Stora's most-traded A shares SKr4 to SKr106.50.

Mr Helgesson said demand for pulp and fine paper was increasing and reiterated Stora's previous forecast of improving volumes and increasing prices in 1997.

Profits from pulp operations were higher in the first quarter against the previous quarter because of higher volumes.


Lars-Ake Helgesson: concerned about high levels of pulp stocks

Operating profits in fine paper rose from SKr97m to SKr244m, although Mr Helgesson said the grade was coming under renewed price pressure.

In printing papers, operating profits fell from SKr632m to SKr223m, primarily due to a 10 per cent fall in newsprint prices in the latter half of 1996.

Average prices for paper and board products fell 17 per cent, or by 2 per cent compared with the fourth quarter last year.

Eni chief plans to bolster overseas operations

By Robert Corzine in London

Eni, the partially privatised Italian oil and gas group, plans to move part of its international operations from Milan to London under a bold corporate restructuring.

The proposed reforms are intended to transform the world's eighth-largest oil group from a domestically orientated company into a true multinational, according to Mr Franco Bernabe, Eni's managing director.

He said the company's overwhelming focus in Italy meant international operations received insufficient management attention. "We need to draw a line between the international and Italian operations, which now attract the entire attention of the management."

In an interview yesterday, he said Eni had chosen London because of its growing importance as a centre of the international oil and gas industry. "We feel that London is at the centre of the oil industry in this part of the world. The competences are here, the skills are here and the people are here."

Mr Bernabe said the move would help Eni look beyond traditional upstream production areas in Italy and Africa. It will be accompanied by a shift to a regional management structure for Eni's international businesses, including refining and marketing. The regional units will be given greater powers and resources to expand or reorganise.

He also disclosed that Eni was seeking to expand its international upstream operations through the creation of a "federation" of affiliated oil and gas groups.

The intention would be to cut costs and share services, he said. But it would go well beyond conventional partnerships in the industry.

Details of a third offering of Eni shares are expected shortly from the Italian treasury. Mr Bernabe did not know how many shares would be on offer, but he said the government, which has a 69 per cent stake, was not necessarily determined to retain control. "Fifty-one per cent is not a crucial figure," he said.

Oil 'federations', Page 18

Hong Kong-listed Chinese brewery sees profits drop

By Louise Lucas in Hong Kong

Net profits at Tsingtao Brewery, the first Chinese enterprise to list on the Hong Kong stock exchange, fell 73.7 per cent last year as its new directors sought to turn the company around.

Net profits fell to Yn 25.68m ($3.09m) from 97.79m in 1995 and shareholders will not receive a dividend.

The results come as Hong Kong investors are showing a growing appetite for China-linked shares such as H-shares – Chinese companies listed in Hong Kong. The market expects a rise in H-share listings this year but Tsingtao is warning that a link to China is not a guarantee of success.

The company, whose initial public offering in July 1993 was 111 times oversubscribed, has had a bumpy ride on the stock market. After a six-month honeymoon, when the share price outperformed Hong Kong's Hang Seng Index, Tsingtao's fell sharply and within two years it had underperformed the market by 45 per cent.

Investors grew concerned at the company's inability to expand its domestic market or develop exports. They were worried by Tsingtao's dabblings in banking activities, such as lending, rather than concentrating on brewing.

Earnings per share fell 73.7 per cent, from 0.109 yuan in 1995 to 0.029 yuan last year. Tsingtao directors attributed the slump to a switch in strategy. The board of directors was overhauled in July, and the incoming members opted to write off passive assets brought forward, mainly scrap supplies, resulting in a one-off cost of about 28m yuan.

Production capacity was under-utilised because of technology upgrades and product adjustment, leading to a loss of Yn 51m. Analysts said the brewery faced greater competition from foreign brands such as Foster's and Carlsberg.

Mr Li Gui Rong, chairman, expects steady growth this year: "We took relevant measures to tackle the problems that had been left over from the past in order to lay down a solid foundation for future development. Based on this, we believe our company's business shall grow steadily in 1997."

The strategy centres on the local market: specifically, Shandong province where Tsingtao has its strongest foothold. Direct sales supplement the original agency and contract sales and the promotional budget is to be increased.

Tsingtao will launch in June a canned version of its premium Gold Label Beer in an attempt to meet competition from foreign breweries. The directors expect this to increase profits.

Directors say their strategy has reaped benefits: sales in the first quarter of this year are 18 per cent up on the same period in 1995.

They have succeeded in getting started a delayed joint-venture brewery in Shenzhen, the special economic zone in China. Construction of the brewery began last month and it is expected to begin production at the end of next year.

New broom at Nomura

Management reform will be high on the agenda for Junichi Ujiie

As Mr Junichi Ujiie, newly-appointed president of Nomura Securities, surveys his scandal-tainted company this week, one word peppers his speech.

"Flat," he says slowly, in precise, careful English. "We want to create a really transparent organisation – and to do this I am going to make management very, very flat."

Such language might seem commonplace on Wall Street, where Mr Ujiie has spent most of this decade running Nomura's US operations. But in the hierarchical culture of Tokyo, his words reflect a broader experiment under way at Japan's largest securities group.

His appointment this week – part of a board reshuffle that saw one-third of Nomura Securities' directors resign – was a calculated attempt to win back the confidence of investors after revelations that Nomura had bribed gangsters – or *sokaiya* – not to disrupt shareholder meetings.

Mr Ujiie starts with two clear advantages: he has international experience, and he is one of the few senior managers to have had no link with either the recent problems or an earlier scandal that rocked Nomura in 1991.

To win investor confidence, Mr Ujiie has to grapple with the problem dogging Japan's financial world as it prepares for deregulation: how to blend the international experience that Japan's bankers have gathered overseas in recent years with the hitherto conservative financial culture of Tokyo.

Unlike most Japanese bankers, Mr Ujiie did not join Nomura straight after graduating from Tokyo University, but first completed a doctorate at Chicago University.

After joining the company's research wing 20 years ago, he spiralled up Nomura's hierarchy to take charge of its Swiss operations in the mid-1980s, before being sent to New York, where he acted as co-chairman of Nomura's US operations between 1992 and 1995.

During this period Mr Ujiie had to forge a working relationship between the Japanese managers and the Wall Street staff. To promote integration, he tried to stop Japanese employees in New York from using Japanese in front of non-Japanese speakers.

"He is very open and straightforward," says one former Japanese colleague, while a non-Japanese banker who knew him in New York adds: "He is much more direct and accessible than many Japanese managers."

The question now is whether he has enough power to build a similar consensus in Nomura's Tokyo headquarters, which has long been marked by rivalries between international and domestic cliques.

Mr Ujiie, 51, is certainly a popular choice among Nomura's younger, internationally minded staff who have expressed anger over the recent scandals.

But it is Nomura's "old guard", who built their power base on Nomura's domestic operations during the 1980s, who remain the potential threat. This week's resignations have removed some of this group from sight. However, the executives are to remain within the company as "advisers", carrying echoes of Nomura's 1991 scandal, when the executives who resigned after that incident continued to exert influence in the position of "advisers".

Mr Ujiie downplays the issue. "It is very, very clear that the management of this company will be driven by the new management team," he says.

"The people who resigned will be advisers in a very broad sense because they have wide experience, but management decisions will not be influenced [by them]." To reinforce this, he intends to abolish the senior executive committee and to start regular meetings of managing directors "where each managing director has a clear area of responsibility".

By creating a more open culture of management, he hopes to avoid the type of secrecy that bred the *sokaiya* scandal.

"Management decisions will reach colleagues quickly and straightforwardly, and information from employees will also come back to us quickly," he argues.

'Decisions will reach colleagues quickly and straightforwardly, and information from employees will also come back to us quickly'

This type of flat structure, he suggests, is already at work in decision-making processes in Japan's most successful manufacturing companies, as well as in the global US banks with which Nomura aspires to compete.

"It has been said many times that Nomura is trying to be like Merrill Lynch – but I also have great respect for groups like Morgan Stanley or J.P. Morgan," he says.

Mr Ujiie also hopes that this structure will help the group forge a new direction – above all in its domestic securities business, which will face growing competition as a result of deregulation, and which has long lagged behind Nomura's cutting-edge international operations.

The details of this remain to be seen. But Mr Ujiie believes that the key to surviving Japan's "Big Bang" will be to add value. In equity brokerage products, for example, he plans to expand the research department to improve Nomura's skills in corporate valuations.

Over-the-counter derivatives products are particularly targeted for expansion. Although these barely exist in Japan, he is confident they will be introduced in the next year or two as a result of deregulation.

"These require market knowledge and specialised skills and so this is where we want to put resources," he says.

"Some people say that derivatives are evil – but they were born because clients really wanted them, and the derivatives market will be opened in Japan."

Such an acknowledgement of customer needs is unusual in Japan's financial world. But before he can worry about customers, he first needs to prove that he can control his colleagues. As one of his former colleagues yesterday admitted: "Mr Ujiie still has some interesting struggles ahead of him now."

Gillian Tett

Junichi Ujiie: 'We want to create a really transparent organisation' Reuter

ASIA-PACIFIC NEWS DIGEST

Jinro seeks to sell stake in brewery

Jinro yesterday offered to sell a 16 per cent stake in its brewing joint venture with Adolph Coors, of the US, to another foreign partner in an effort to avoid bankruptcy. Jinro and Coors have agreed to sell the stake for $200m to a new investor if one can be found. This would reduce Jinro's stake in the joint venture from 67 per cent to 51 per cent, while Coors would maintain its original shareholding of 33 per cent.

Jinro, South Korea's largest liquor group, announced last week it was planning to raise $1.3bn by selling assets, to avoid a credit crunch that threatens to bankrupt it. Korean banks have promised to reschedule payments on Jinro's debts of $3bn until the group recovers.

Jinro has encountered financial problems due to a rapid expansion of business operations, including the establishment of Jinro Coors Brewery in 1992. Although sales of its Cass brand have grown, the joint venture has experienced losses because of strong competition in the Korean beer market. The Jinro group reported losses of Won212bn ($238m) on sales of Won2,200bn in 1996.

John Burton, Seoul

Cost watch helps Countrywide

Countrywide Bank, the fully-owned New Zealand subsidiary of the Bank of Scotland, yesterday reported a 30 per cent rise in after-tax profit to NZ$54.48m (US$37.77m) in the year to February 28, thanks to cost control and strong growth in interest earning income. Pre-tax earnings rose 36 per cent to NZ$82.78m while net interest income was up 18 per cent to NZ$140.2m. Total assets rose by more than 15 per cent to NZ$7.47bn.

Terry Hall, Wellington

Strength in US lifts Softbank

By Michiyo Nakamoto in Tokyo

Strong performances from its US subsidiaries boosted profits at Softbank, the fast-growing Japanese computer software, publishing and exhibition company.

Sales in the year to March were Y359.7bn ($2.85bn), more than double the previous year's Y171.1bn, the company said yesterday.

Recurring pre-tax profits were Y27.9bn, up from Y14.4bn, and net profits rose from Y5.8bn to Y9.1bn.

The company has been expanding aggressively through acquisitions of Internet and computer-related businesses, mainly in the US.

Ziff-Davis publishing of the US, the world's largest publisher of computer magazines which was acquired in late 1995, made a 10-month contribution to the media division, which more than tripled sales and more than quadrupled operating profits. The publisher has increased the number of magazines it publishes from 14 to 35.

The exhibition division, which includes Comdex, the leading computer exhibition organiser acquired in 1995, also achieved strong increases in sales and operating profits. Comdex expanded its operations from 14 events in four countries to 26 events in 11 countries.

In Softbank's domestic business, which is centred on software distribution and PC sales, it was able to expand its market share as a result of the closure of an important competitor. Although margins fell, sales and operating profits rose.

In the current year, Softbank is forecasting a 58 per cent increase in consolidated sales to Y550bn, a 25 per cent increase in recurring pre-tax profits to Y35bn and net profits of Y9.5bn.

The company is expected to incur significant start-up losses for JSkyB, the digital satellite television service it has set up jointly with News Corporation. Sony, the consumer electronics company, is expected to join JSkyB as an equal partner.

Softbank is also expected to suffer costs related to the expansion of its memory board business in Japan, after acquiring Kingston Technologies, the world's largest memory board supplier, last year.

However, pre-tax profits could be substantially higher than the company is forecasting, depending on the exact level of losses it incurs from these two businesses, said Mr Ryosuku Osakake, analyst at Nikko Research.

Toyota, Citizen plan buy-backs

By Michiyo Nakamoto

Toyota, the Japanese carmaker, and Citizen, the watchmaker, yesterday announced they intended to buy back some of their shares to improve returns on equity.

The plan reflects growing attempts by Japanese companies to try to improve returns for investors. The government lifted restrictions on share buy-backs two years ago.

Toyota plans to buy back a maximum of Y100bn ($793m) of its common stock, while Citizen aims to repurchase up to Y10bn of its shares.

This is the second share buy-back by Toyota, which last year repurchased nearly Y100bn worth of its shares, or about 1.2 per cent of its equity, in the largest buy-back seen in Japan.

Japanese companies are coming under pressure from investors, particularly those overseas, to improve returns on equity, which traditionally have not been a big concern to company managers.

Last year only 13 companies announced plans to buy back shares, although nearly one-third of companies surveyed expressed interest.

However, for Japanese companies – such as Toyota – considering listing on the New York Stock Exchange, good investor relations are increasingly important. Mr Hiroshi Okuda, president of Toyota, has frequently stated the need to improve returns for shareholders.

If Toyota was serious about listing in New York, it would want to improve its returns, said Ms Kaoru Kurata, industry analyst at Goldman Sachs in Tokyo.

Its return on equity is currently 6-7 per cent, less than half the 16-17 per cent achieved by Honda.

Toyota, which has nearly Y1,000bn of cash and is poised to announce strong results for the year just ended, is in a position to carry out its plan.

In a related move, Toyota is raising its second-half dividend from Y10 last year to Y13, making a total dividend of Y22, its highest in 10 years, the company said.

However, Toyota also needs to invest substantially in its expansion into new markets such as India and eastern Europe.

Regan drops £1.2bn CWS takeover plan

By David Blackwell, Norma Cohen and Clay Harris

The Co-operative Wholesale Society yesterday started a private prosecution of Mr Andrew Regan, only hours after the 31-year-old businessman's £1.2bn ($1.94bn) plan to take over the Co-op collapsed because a main financial backer pulled out.

Mr Regan and Mr David Lyons, his business partner, face criminal proceedings for aiding, abetting, counselling or procuring theft and for handling stolen property. The CWS also began proceedings for theft against Mr Allan Green, a senior retailing executive it suspended last week.

"We are playing hardball on this," the CWS said. Last week, the Co-op won an injunction from the high court, requiring the three men to return confidential company documents.

Mr Regan's Galileo Group blamed its decision to pull out on the CWS board's unequivocal rejection of its latest approach.

However, it emerged yesterday that Nomura International, the Japanese bank arranging debt financing for the bid, pulled out after failing to obtain written assurances from Hambros Bank, Galileo's financial adviser, about the integrity of the participants in the deal.

The City of London magistrates' court set May 28 as the date for a preliminary hearing on the criminal proceedings.

This morning in the High Court, the CWS will seek to have made permanent last week's injunction preventing the use of confidential CWS information obtained by Mr Regan and Mr Lyons. The CWS said it would also be starting civil proceedings against Hambros and Travers Smith Braithwaite, legal advisers to Galileo. It had been advised that both firms "had no credible grounds for believing that there was any legitimate basis" for Mr Regan to have its documents.

Mr Graham Melmoth, CWS chief executive, yesterday wrote to Lord Hambro, chairman of Hambros, saying: "The CWS has been a victim of a wide-ranging dishonest conspiracy to steal its documents. I mean to get to the bottom of it."

Shares in Lanica Trust, Mr Regan's quoted company, were suspended on February 10 when rumours of the planned bid surfaced. They are unlikely to resume trading until all litigation is resolved.

Nomura declined to comment on its role in the Galileo bid. It is understood to have been finalising details of a £1.2bn financing agreement with Galileo on Friday when CWS obtained its injunction against Mr Regan.

Nomura, which specialises in structured finance – the issuance of debt securities backed by the cash flow from underlying properties – is one of several City firms interested in financing a buy-out of the Co-op.

Higher revenues help Eurotunnel cut loss to £642m

By Ross Tieman

A 71 per cent increase in revenues during its second full year of operation enabled Eurotunnel, the operator of the Channel tunnel, to cut its losses by £81m to £642m ($1.04bn) in the year to December 31.

Revenues from shuttle services carrying cars and lorries, and from freight and passenger trains passing through the tunnel, totalled £483m, up from £304m in 1995.

At the operating level, after depreciation and provisions for irregular maintenance, losses were cut from £200m to just £83m.

The company's income included insurance receipts of £33m to compensate for the traffic lost because of the closure of the south tunnel following a fire on November 18.

At the time the fire broke out, the Anglo-French company had captured a 50 per cent share of car traffic between Dover/Folkestone and Calais, and more than 45 per cent of the lorry traffic.

The company's share of the car market has since recovered to almost 40 per cent.

Lorry services are expected to resume on a trial basis from May 15, when the second tunnel re-opens, doubling capacity. Mr Bill Dix, managing director of shuttle operations, said yesterday that the company aimed to regain its October 1996 market share of both types of traffic by the end of 1997.

Eurotunnel has agreed with its bankers a revised plan for converting some £4bn of its £8.54bn of debts into shares. Last year, the company made interest payments of £642m, down from £724m in 1995.

Mr Richard Shirrefs, head of business services, said lower interest rates had cut the total bill by £105m, and exchange-rate fluctuations had pared a further £70m from the total.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Ashley (Laura) .... Yr to Jan 25	327.6	(336.6)	16.2	(10.3)	4.28	(2.97)	0.6	July 4	0.5	1	0.5
Austin Reed .... Yr to Jan 31	78.2	(72.7)	6.77	(3.38)	14.2	(7.2)	4.25	July 1	4	6.5	6
Betterware .... Yr to Mar 1	60.7	(61.4)	11.5♥	(9.29♠)	7.5	(5.9)	2.52‡	May 29	1.75‡	3.52‡	2.6‡
Bloomsbury Publish .... Yr to Dec 31	13.7	(11.4)	1.2	(1.01)	9.47	(7.8)	2.8	June 27	2.72	3.5	3.4
Brent Walker .... Yr to Dec 31 ★	1,734	(1,660)	50.6♥	(414.5L♠)	10.4†	(107.5L)	-	-	-	-	-
BS .... Yr to Dec 31	8.12	(6.07)	1.42♥	(0.253L)	18.12†	(4.07L)	5‡	June 27	3	5‡	4.5
Carr's Milling .... 6 mths to Mar 1	43	(42.4)	1.7	(1.53)	13.6†	(14.1)	3	June 4	2.5	-	10.5
Celtic Resources ♣ .... Yr to Dec 31	0.222	(-)	0.354L	(0.002)	3.07L	(0.015)	-	-	-	-	-
Eurotunnel .... Yr to Dec 31	483.5	(303.9)	685.4L	(924.9L)	-	(-)	-	-	-	-	-
Fitzwilton ♣ .... Yr to Dec 31	319.7	(305.1)	15.1	(15♥)	4.01	(4.26)	1.35	Aug 29	1.3	2.45	2.35
Folkes .... Yr to Dec 31	40.4	(46.1)	6	(4.75)	14.43	(10.98)	1.218	July 1	1.032‡	1.902	1.654‡
Fortune Oil .... Yr to Dec 31	391.9	(93)	3.48	(2.17)	0.25	(0.2)	-	-	-	-	-
Hopkinsons .... Yr to Jan 31	98.8	(114)	0.814♥	(3.04♠)	0.41	(4.19L)	0.8	July 31	0.8	1.3	1.3
ICI .... 3 mths to Mar 31	2,439	(2,568)	70♥	(223♥)	4.7	(18.3)	-	-	-	-	32
Trinity Holdings .... Yr to Jan 31	262.2	(208.1)	17.4	(16)	20.6†	(20.5)	6.1	July 31	5.6	8.9	8.2
Ugland Intl .... Yr to Dec 31 ☆	63.2	(28.8)	3.05♥	(1.19♠)	5.96†	(4.76)	nil	-	3.5	4.72	3.5
Wellington U/writ .... Yr to Dec 31 ♦	52.8■	(25.7■)	10.5	(2.22)	20.3†	(8.8)	2.8	June 17	3	6.8	5.6

Investment Trusts	NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&C Pacific .... Yr to Jan 31 ★	183.5	(196.5)	4.83	(6.7)	2.1	(2.91)	1.05	June 6	1.05	1.85	1.85
Henderson High Inc .... 3 mths to Mar 31	-	(-)	-	(-)	-	(-)	1.65	July 31	1.6	-	6.45
Scottish Mortgage .... Yr to Mar 31	338.4	(309.8)	24.6	(21.4)	6.82	(5.93)	3.5	July 1	3.15	5.15	4.65
Shires Smaller .... 3 mths to Mar 31	196.9	(176.2§§)	0.109	(0.194)	0.56	(1)	1.375	June 30	1.325	-	6

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡Excludes special. ★Comparatives restated. ♣Irish currency. ☆Comparatives for nine months. ♦Comparatives for 16 months and restated. ■Written premiums. §§At December 31. *Includes special 5p.

Vickers warns on first half

By Bernard Gray, Defence Correspondent

Vickers, the engineering conglomerate, warned yesterday that profits for the first half of 1997 were unlikely to match those of last year.

Shares in the company fell by 10 per cent, from 225p to 202p, making a 23 per cent fall since the company announced its results just over a month ago.

The company said yesterday after its annual meeting that problems with its troubled medical division meant that profits would continue to be disappointing this year.

Vickers also said that while sales of Rolls-Royce motor cars were still strengthening, margins may fall later in the year as the impact of the rise in sterling was felt.

Analysts yesterday cut their forecasts for 1997 profits to about £80m, against £83m last year, with the company hinting that profits were likely to be flat for the year as a whole.

LEX COMMENT

Laura Ashley

Ambition, vision and aggression are all fine business attributes. Ms Ann Iverson, Laura Ashley chief executive, has them in spades. But the nasty disclosure that stock mark-downs will dent first-half profits by £4m suggests that some elementary virtues like prudence and caution might usefully leaven the mix. Since taking the helm back in July 1995, Ms Iverson has attacked the turnaround job with commendable vigour. But having talked a big game and failed to deliver, she has paid a heavy price. The share price has more than halved over the past year, with much of the recovery rating evaporating yesterday.

The problem with the company is not the vision. Ms Iverson's efforts to make the product less frumpy make sense. So too does the decision to overhaul the store portfolio in the US, pushing for growth through larger shops. The trouble has been the pace of change – the company has changed faster than its customers have been able to follow. This may come right in time; turnaround stories do not proceed without hiccups. But change will take longer than originally hoped. And investors should remain wary until there is greater confidence that the systems exist to prevent repetition.

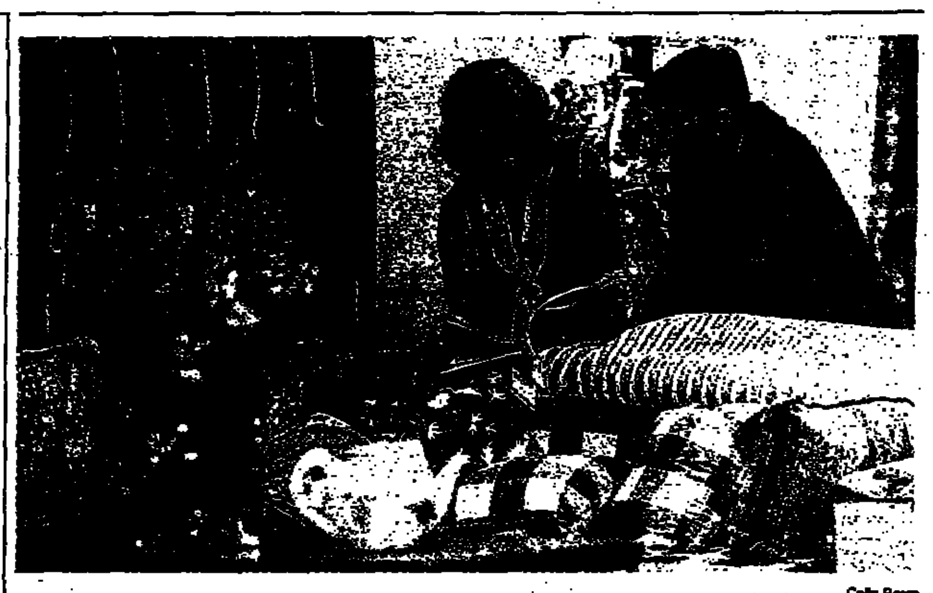
The company clearly needs some pragmatism to counterbalance the visionary Ms Iverson. No doubt Mr John Thornton, the Goldman Sachs banker who chairs it, fits the bill. But whether he has much time over from building an investment banking business in Asia must be doubtful.

Fortune Oil up 31%

Fortune Oil, which has oil-related operations in China and the UK, lifted pre-tax profits last year 31 per cent to £2.76m ($4.47m), as turnover grew from £93m to £392m.

Mr Barry Cheung, chief executive of the Hong Kong-based company, said revenues in crude oil trading had more than trebled to £382m, as a result of an expanded customer base. He expected the company's 51 per cent holding in Chester Pacific International would strengthen its overall oil trading capability.

Mr Cheung said the group expects to announce a rights issue later this year to finance its participation in a joint venture contract to take over the aviation fuel supply operations at up to 16 airports in central and southern China.



Colin Beere

Laura Ashley will have to discount its current fashion collection at a £4m cost to profit

Laura Ashley recovery strategy under question

By Peggy Hollinger

The strategy for recovery at Laura Ashley was under question yesterday as the fashion and furnishings retailer warned this year's pre-tax profits would be at least £4m ($6.5m) below market expectations.

Ms Ann Iverson, the American born chief executive brought in almost two years ago to revitalise the company, said the group had misjudged the amount of clothing it could sell last year. As a result, it would have to discount the current fashion collection at a cost to profit of about £4m.

Her comments were made as the group revealed a 57 per cent rise in pre-tax profits to £14.4m. The company's shares plunged almost 28 per cent on the announcement, to 104½p, as analysts cut their profit forecasts for this year from a range of £21m-£24m to £17m-£18m.

Ms Iverson was adamant that the profits warning was a one-off. "This is a situation which is not going to re-occur," she said. The decision to discount the spring season range was made to clear stock for the autumn and winter. The error resulted from over-ambitious sales targets, she said, and from delays on planned store openings in North America.

However, analysts said management credibility had been damaged by what one described as a "fundamental error".

Some suggested that if the buying on garments had been misjudged, it was possible the group was also misguided on its decision to build stocks of home furnishings. "There could be further write-downs," said one. "It will be difficult for investors to have confidence going forward."

There was concern among some investors that the company had not indicated its problems earlier. Laura Ashley's warning came less than three months after Kleinwort Benson, the company's house brokers, issued an industry report in February in which it advised investors to buy the shares.

Ms Iverson insisted her strategy of modernising product ranges, improving distribution and supply systems, and repositioning the store portfolio was returning the right results. "We will make more money than last year," she said. "I believe my strategy is correct."

She pointed to a strong improvement in current trading from continuing operations, at least in local currency terms.

Environmentalists plan to picket Prudential meeting

By Leyla Boulton, Environment Correspondent

Friends of the Earth, the environmental pressure group, plans to picket the May 8 annual meeting of Prudential, the UK's largest life assurance company, as the next step in its campaign against the Royal Dutch/Shell oil group.

It said yesterday that it wanted Prudential to withdraw investment from Shell because its US subsidiary belongs to the Global Climate Coalition, a lobby group hostile to a proposed new international agreement to reduce greenhouse gases associated with climatic change.

On Wednesday, Friends of the Earth picketed the annual meeting of General Accident in Perth to urge the Scottish-based insurer to sell its stake in Shell.

The Pru's 3.11 per cent stake in Shell makes it the oil group's single largest institutional shareholder.

Oil companies in the US have been particularly active in opposing early "precautionary" action to fight climatic change by reducing emissions of greenhouse gases generated by fossil fuel consumption.

Prudential yesterday declined to comment on the planned protest although some of its executives play an active role in promoting the environmental awareness of business in the UK.

Sir Peter Davis, the chief executive, is chairman of Business in the Community, a non-profit organisation whose mission includes raising the environmental and social awareness of British companies.

Mr Derek Higgs, an executive director responsible for portfolio management, is head of the environmental reporting working group of the Advisory Committee on Business and the Environment, which also seeks to raise business understanding of the environment.

British Petroleum pulled out of the coalition last year.

COMPANIES AND FINANCE: THE AMERICAS

Procter & Gamble improves 16%

By Richard Tomkins in New York

Procter & Gamble, the US consumer goods company, yesterday improved on a relatively weak performance at the beginning of last year by reporting a 16 per cent increase in net profits to $881m for its fiscal third quarter to March.

Earnings per share, boosted by stock repurchases, rose by 18 per cent to $1.26, beating analysts' forecasts of $1.23. But the shares eased $2 to $123 in early trading on profit-taking.

World-wide volume rose by 4 per cent, but revenues rose by only 2 per cent because of the dollar's strength against currencies in Europe, Asia and Latin America.

Mr John Pepper, chairman and chief executive, said he was pleased with the progress on profit margins and net earnings, but the company needed to make more progress on volume and sales growth.

Mr Pepper noted that the recently-announced acquisition of Tambrands, US maker of Tampax, would provide one avenue towards this goal.

The group should also benefit from better marketing and distribution practices flowing from its so-called efficient consumer response initiative.

Efficient consumer response consists largely of cutting promotional offers and discounts, which lead to inefficient peaks and troughs in demand, in favour of everyday low prices.

In the comparable quarter last year, the switch to efficient consumer response in western Europe was one factor that held back underlying growth in world-wide net profits to 12 per cent.

This time, western Europe – and Germany in particular – bounced back.

Together with double-digit growth in central and eastern Europe, the Middle East and Africa, the region as a whole produced a 9 per cent increase in volume, a 3 per cent increase in sales, and a 20 per cent increase in net profits.

North America produced a 2 per cent increase in volume, largely on the strength of laundry products and snacks, but revenues were stagnant because of lower pricing in laundry products and commodity-based cuts in prices of paper products.

However, net profits rose by 6 per cent because of cost savings resulting from rationalisation of product lines.

Asia increased net profits by 37 per cent in spite of a 1 per cent decline in volume caused by the transition to efficient consumer response, while Latin America increased net profits by 53 per cent, largely by increasing prices.

US airlines on course to surpass record 1996

By Richard Tomkins in New York

US Airlines

First quarter results	Revenues ($bn)		Change (%)	Net profit (loss) ($m)		Change (%)
Airline	1996	1997		1996	1997	
[illegible]						
AMR	3.9	4.0	+2	157	152	-3
[illegible]						
Northwest Airlines	2.3	2.4	+5	40	60	+48
[illegible]						
Continental Airlines	1.5	1.7	+14	88	74	-16
[illegible]						
Trans World Airlines	0.8	0.8	-3	(61)	(75)	n/a

Note: Profits (losses) are net of preferred stock dividends
Source: company reports

US airlines had their most profitable year on record in 1996, but they seem likely to soar to new heights this year if their results for the first quarter are any guide.

One after another, US carriers have reported profits ahead of even the most optimistic expectations, leading to rises in airline stock prices and an upward revision in analysts' forecasts for the full year.

Yesterday, Delta Air Lines and Southwest Airlines became the last of the big carriers to report, and both of them followed the example of other US airlines by reporting profits growth in spite of a 15 per cent increase in fuel costs.

Delta Air Lines reported earnings per share of $2.88 excluding non-recurring charges, compared with analysts' consensus forecast of $2.14, and Southwest Airlines reported earnings per share of 34 cents compared with the expected 23 cents.

One factor that helped airlines was the temporary lapse of a 10 per cent federal ticket tax, which expired on December 31 and was not reimposed until March 7.

More significant, with the US economy still powering ahead, business travel is booming, and airlines have been able to fill a higher proportion of seats at much higher prices.

A similar phenomenon took place in the late 1980s, the last time the industry saw big profits: but this time, faced with a tough competitive threat from low-cost carriers, US airlines are keeping tight control over costs and capacity – for example, asking workers to accept lower wages, and resisting the temptation to embark on an aircraft buying spree.

AMR, parent of American Airlines, started the airline reporting season last week with a fall in profits.

But this resulted from a threatened pilots' strike during the quarter, which led to a sharp downturn in bookings, and the modest decline in profits was much smaller than expected.

UAL, parent of United Airlines, the biggest US carrier, turned in a more representative performance, reversing last year's losses to report net profits of $105m.

It said unit revenue (total revenue for each seat flown one mile) rose 6.5 per cent, thanks to higher fares and higher load factors, while unit costs (operating costs for each seat flown one mile) rose 3.2 per cent.

The effect of tight control over costs was illustrated by the fact that, excluding the big increase in fuel costs, United Airlines' unit costs rose only 1.6 per cent.

Delta Air Lines also turned the losses of last year's first quarter into a profit, attributing the turnaround to an 8 per cent increase in unit revenues and an increase of just 1 per cent in unit costs. Similar factors helped Southwest Airlines report a surge in net profits.

US Airways, the former USAir, was another strong performer, reporting an unexpectedly large profit after years of first-quarter losses.

But the airline also warned that it had no future as a significant international competitor unless employees agreed to accept pay cuts.

Two airlines that did not match up to the performance of the rest were Northwest Airlines and Continental Airlines.

Northwest did well at the bottom line, but its operating profits were flat because of the weak yen and higher costs.

Continental did well at the operating level, but net profits suffered from a big increase in the tax charge.

Meanwhile the worst performer remains the troubled Trans World Airlines, which saw a further increase in first-quarter losses despite the favourable industry background. The airline faces tough problems in trying to turn itself around this year.

MCI earnings static as investment levels rise

By Alan Cane

MCI, the US telecommunications group planning to merge with British Telecommunications this year, saw first-quarter profits before tax held to the same level as last year as a result of heavy investment in local US markets and abroad.

It warned that growth could continue to be slow in the next few quarters as it positioned itself to take advantage of higher-margin businesses. Last week, for example, MCI and BT announced a strategic alliance with Telefónica of Spain that should lead to powerful growth opportunities in Hispanic America.

Revenues for the quarter, however, grew 8.7 per cent faster than those of AT&T and Sprint Corporation, its immediate rivals in the long-distance telephone market.

The results were broadly in line with market expectations. Profits before tax came in at $295m or 42 cents a share, while total revenue was $4.9bn.

Mr Gerald Taylor, chief executive, said: "As we move towards our merger with BT, MCI is focused in implementing long-term strategies that position us for growth."

Among the highlights were strong growth in the Internet business, where the company's revenues are at an annualised run rate of nearly $200m, and in information technology, where revenues grew 27 per cent to $433m. MCI One, the group's new flagship brand for residential customers following on from "Friends and Family", now has more than 2m customers.

The company said its share of the losses from Concert Communications Services, its global supercarrier joint venture with BT, fell from $13m in the fourth quarter of 1996 to $6m.

Total revenues from Concert increased 57 per cent to $165m compared with the same period last year. MCI said it was satisfied with the revenue growth and pleased that the joint venture, one of three global supercarriers, was close to profitability.

Revenues for the group's core long-distance business grew 8.2 per cent to $4.4bn compared with the year-ago period while traffic volume grew only 4 per cent. Net profitability was $408m, or 57 cents a share. MCI said that it was allocating resources to the highest margin opportunities.

First-quarter revenues for venture and developing markets grew 22 per cent to $579m while the net loss was $103m, reflecting the start-up costs of MCI's local business and its Avantel venture in Mexico.

The company said its expansion into the lucrative US local markets was being hampered by "delay tactics of the local exchange carriers and a patchwork of uneven resale rate agreements nationally".

AMERICAS NEWS DIGEST

Netscape revenues surge to $120m

Netscape Communications, the Internet software pioneer, reported strong first-quarter earnings as revenue more than doubled. Revenues were $120.2m, a 114 per cent jump from $56.1m in the same period a year ago. Net income was $7.9m, or 9 cents a share, compared with $3.6m, or 4 cents, previously.

Although best known for its Internet "browser" programs, Netscape is increasingly focused on software for servers that control corporate "intranets" (private networks that adhere to Internet standards) and "extranets" (which extend beyond a single company to reach its customers and suppliers).

During the quarter, the company "made solid progress in delivering the products, programs and partnerships that will help establish Netscape software in the enterprise market," said Mr Jim Barksdale, president and chief executive.

Netscape's stock has fallen about 60 per cent since December, on fears that competition from Microsoft, the software industry leader, could erase Netscape's market lead in Internet software. Microsoft now claims a 30 per cent share in the browser market, up from 12 per cent a year ago. *Louise Kehoe, San Francisco*

US insurers show improvement

There was fresh evidence that the US insurance industry was emerging from some of its recent problems yesterday, when both American International Group, the largest US insurer, and The Hartford, formerly ITT Hartford, announced significantly improved earnings for the first quarter. While catastrophe losses fell substantially, as had been expected following the mild US winter, there were also signs that new premiums were growing.

AIG increased its net premiums in the US by 12.3 per cent compared with the equivalent quarter of 1996, while worldwide premiums rose 8.1 per cent, before foreign exchange factors were taken into account. Net income for the quarter was $780.9m, a 16.3 per cent increase on the first quarter of 1996. Adjusted to take account of realised capital gains, AIG made $750.6m, up 15.1 per cent. This was equivalent to earnings per share of $1.60, an increase of 16.9 per cent and well ahead of expectations. Catastrophe losses fell sharply, from $56m in the first quarter of last year to $15.6m.

The Hartford's earnings more than doubled, from $84m in the first quarter of last year to $179m. However, this was mostly attributable to sharply reduced catastrophe losses, as the company was badly hit by last year's blizzards. Excluding catastrophes, Hartford's profits gained 21 per cent, from $161m to $195m.

By midday, AIG shares were up $1 at $119, while The Hartford was up $1¼ at $72. *John Authers, New York*

RPR slides to $57m

Rhône-Poulenc Rorer yesterday reported a fall in net income to $57m in the first quarter, compared with $74m a year ago, partly as a result of the weak performance of Centeon, its 50 per cent-owned joint venture plasma proteins company. But earnings per share of 41 cents for the quarter were slightly ahead of analysts' estimates. The company also announced plans to repurchase up to 5m RPR shares.

RPR said that sales were reduced by the significant strengthening of the dollar and the impact of divestitures. Without that impact, sales were flat. The company also blamed wholesaler buying patterns in the US and healthcare reforms in France and Germany. However, Mr Tim Rothwell, president, said that 5-6 per cent sales growth for 1997 was "quite realistic". *Tracy Corrigan, New York*

Increased output lifts Placer

Placer Dome, the Canadian mining company, said increased gold production boosted its first-quarter net earnings to US$13m, up from US$8m in the same period last year. The company produced 535,000 ounces of gold in the first three months of the year, a 17 per cent jump that mainly reflects the group's increased stake in the Porgera mine in Papua New Guinea.

Higher production, which offset lower gold prices, resulted in sales worth US$285m during the quarter, up from US$265m last year. *Scott Morrison, Vancouver*

Symantec acts over copyright

Symantec, a leading supplier of anti-virus software for personal computers, has filed a suit in California against rival McAfee Associates alleging copyright infringement. Symantec alleges that McAfee Associates, copied "byte for byte" software that helps recover data from a PC if it "crashes" or breaks down.

The complaint asks for an injunction to stop McAfee from selling a program called PC Medic, and seeks damages that include all of McAfee's profits from the product. McAfee said it was studying Symantec's complaint and declined comment. *Louise Kehoe*

Slowdown seen in US chemicals sector

By Tracy Corrigan in New York

Dow Chemical yesterday became the latest in a string of US chemical companies to beat analysts' earnings estimates, coping better than expected with currency moves and pricing pressures.

Although others, like Du Pont and Union Carbide, have also beaten expectations, there are doubts about whether the positive momentum can be maintained beyond the second quarter.

Excess capacity for many products, coupled with growing downstream inventory, is expected to lead to "a sharp downturn in profits by early next year," according to Mr Andrew Cash, chemicals analyst at PaineWebber.

He is also sceptical about the outlook for prices. "The macro-environment just does not get much better than in the first quarter," he said, noting that even then prices were slow to increase.

Dow reported first-quarter net income of $452m, down from $476m a year ago. Earnings per share of $1.90, above estimates of $1.72, were in line with the previous year.

"Strategic portfolio restructuring and significant productivity improvements continue to buffer the negative impact of unfavourable year-over-year feedstock cost comparisons and unfavourable currency impact on sales," said Mr William Stavropoulos, Dow president and chief executive officer.

Dow estimated that the negative currency impact on sales was about $100m. Sales volume grew 2 per cent while selling prices declined 2 per cent because of the currency impact.

In fact, stripping out the currency effect, prices trends were mixed, with some key products – notably polyethylene and vinyl chloride monomer – up substantially from a year ago, while caustic soda and polystyrene prices declined, according to Dow.

"When we adjust for the currency impact we actually see positive pricing trends in many of our key products," Mr Stavropoulos said.

Du Pont, which reported on Tuesday, also managed to beat estimates, recording earnings per share of $1.80, 4 cents above estimates and well ahead of last year's $1.57. Net income of $1.02bn was 16 per cent higher than in the 1996 first quarter.

However, Du Pont's results were boosted by the record performance of its Conoco oil and gas business, which saw profits surge 55 per cent. Conoco's sales growth mainly reflected higher oil prices.

At Eastman Chemical, results were in line with expectations at 92 cents per share but down from $1.39 in the 1996 first quarter, earnings were again hit by depressed prices in its polyester packaging plastic (PET) sector. Earnings in the core plastics business fell, as a result.

Although demand for PET continues to grow at double-digit rates, additional capacity expected in 1997 and 1998 will exceed that growth rate, Eastman said.

European prices hit by French polls

GOVERNMENT BONDS

By Michael Lindemann and Richard Lapper in London and John Authers in New York

A poll indicating that 69 per cent of French voters wanted a new referendum on the Maastricht treaty buffeted European bond markets, sending them sharply lower.

Most markets had picked up during the morning but headed downwards immediately after the publication of a Louis Harris poll for the Valeurs Actuelles magazine.

Sentiment was not improved by another poll by IPSOS for Le Point magazine, which showed the right-wing parties with only a seven seat majority over the combined opposition after the June poll. Reaction to the two polls underlined the jittery state of the markets, analysts said.

"The lack of data this week means we've been pretty range-bound," said Mr Huw Roberts, European bond strategist at NatWest Markets. "That means that as soon as we get the thinnest bit of information the market pounces on it."

French OATs reacted slowly. By the close of floor trading on Matif the June notional future had risen 0.02 to close at 128.62. However, during subsequent trading on Globex the contract fell 0.28 to 128.34.

The Italian BTP market proved even more anxious. "Anything that affects the prospects of Emu hits Italy hardest," said Ms Sharda Persaud, senior economist at San Paolo Bank.

In London the June BTP future fell 0.60 to settle at 126.92. In the cash market the 10-year yield spread of BTPs over bunds tightened 1 basis point to 179 points.

One trader said heavy selling of Italian 10-year bonds by a large US hedge fund helped push prices lower in afternoon trading.

As well as shorting the longer end of the Italian curve in both cash and futures markets, the hedge fund is understood to have taken a sizeable long position at the short end of the German curve. "This is the first time we have seen a structured leveraged position put on for some time," said the trader. "The market has been fairly quiet."

UK gilts also fell, with the June long gilt future settling at 109 1/16, down from 109¾. Mr Simon Briscoe, at Nikko Securities, said he remained bearish about gilts. The market had factored in a Labour election win but had not properly focused on how the party might react to a variety of problems, including a continued rise in sterling.

A 0.1 per cent fall in April inflation initially helped German bunds higher but they ended lower following the French polls. UBS said the strong April data meant it would revise its inflation forecast for this year to below 1.5 per cent, down from a peak of 2 per cent two months ago.

Spanish bonos had no data of their own to feed on but early gains were wiped out by the French polls and by profit-taking. The June bono future closed down 0.52 at 112.74.

US Treasury prices fell in New York yesterday morning, with the yield on the benchmark 30-year Treasury bond rising above 7.1 per cent by mid-session, as dealers absorbed new supply and guarded against new data expected next week.

By midday, the long bond was down ⅜ on the day at 94⅜. The trend was repeated across the yield curve, with two-year bonds dropping 1/16 to 99¾, yielding 6.493 per cent.

Political speculation, particularly surrounding US budget talks, continued to influence the market, with some still showing disappointment that congressional leaders had not reached a deal this week.

Fresh economic data, however, had the biggest impact. Initial jobless claims for last week suggested the economy was strengthening more than expected, with total new claims falling by 8,000.

This did not help the bond market. But traders were more concerned to guard against surprises in the data due to be released next week, which will include, among others, the index of employment costs, which could have a significant impact on the market.

'Bund substitute' deal from German agency

INTERNATIONAL BONDS

By Samer Iskandar

Deutsche Ausgleichsbank (DtA), a development agency of the German federal government, yesterday issued the first "bund substitute", exporting a concept previously used in the sterling sector – "gilt substitute" – by the European Investment Bank

The bond's characteristics, coupon and maturity date, are identical to those of the new 10-year benchmark bund. Syndicate officials described the deal as "a German sovereign credit offering a yield spread of 14 basis points [over bunds]".

"DtA wanted a strategic deal," said the lead managers of the deal, Commerzbank and HSBC. "They achieved their aim, which was to place 50 per cent of the issue in Asia."

Asian investors currently account for 17 per cent of DtA's placement, a proportion that the borrower wishes to increase to 25 per cent this year. Yesterday's euro-Asian issue will be listed in Germany, but application will also be made to list on the Hong Kong and Singapore exchanges.

The lead managers said they were "very satisfied with the placement" and indicated that the spread had tightened by a couple of basis points from the launch level of 14 basis points.

DtA said it planned to become a regular user of the international capital markets, with a borrowing programme of about DM6.5bn for this year.

"We plan to issue at least one or two benchmark deals like this every year," a DtA official said.

The bonds have a so-called "convertibility clause" to take account of the expected switch to a single European currency. Such clauses are increasingly popular in eurobond issues, but remain rare among German borrowers.

Elsewhere, MBNA, the US credit card company, launched its first non-dollar bonds with a fixed coupon and a pre-set, or "bullet", maturity. Morgan Stanley, lead manager, described the Fl750m issue as "a landmark transaction".

A syndicate official said that since 1993, of 345 bonds issued in the sector only 15 had amounts of Fl750m or more. Morgan Stanley said that although the bonds were mainly aimed at institutions, the structure would appeal to retail investors.

Securitisations – bonds backed by assets such as credit card receivables – often have complicated characteristics that deter small investors.

In the dollar sector, the largest deal was a $500m issue of five-year bonds by Nippon Telegraph and Telephone, led by Goldman Sachs and SBC Warburg.

Meanwhile, Bear Stearns launched FFr1bn of six-year bonds, acting as lead manager for its own deal alongside Banque Nationale de Paris and Société Générale.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Nippon Telegraph/Telephone	500	6.75	100.742	May 2002	1.875	+9(Apr 02)	Goldman Sachs/SBC
Norddeutsche Landesbk(s)	157	6.34#	100.00R	Oct 98	0.150R	-	Merrill Lynch Intl
Yamazen Corporation ‡★	100	(a)	100.00	May 2002	0.30	-	Fuji Intl Finance
D-MARKS							
Deutsche Ausgleichsbank(l)	1.5bn	6.00	99.925R	Jul 2007	32.50R	+14(6%-07)	HSBC Trinkaus/Commerz
Allgemeine Hypo AG(s)‡	500	(b)	100.15	Dec 2002	0.15	-	Westdeutsche Landesbk
Westfaelische Hypo	250	4.25(c)	101.83	May 2003	2.00	-	Norddeutsche Landesbk
Republic of Austria ‡	100	9.00(d)	100.00R	May 2007	0.375R	-	Morgan Stanley AG
FRENCH FRANCS							
Bear Stearns	1bn	5.25	99.965R	May 2003	0.350R	+40(l)	Bear Stearns/BNP/SocGen
SWISS FRANCS							
Credit Suisse	250(e)	4.00	101.625	May 2007	2.125	-	CSFB
BNDES	150	6.50	102.50	May 2005	2.625	-	CSFB
YEN							
Swedish Export Credit	1bn	zero	7.13	May 2017	0.50	-	Hambros Bank
Deutsche Finance Netherlds	3bn	zero	2.95	May 2027	0.25	-	Deutsche Morgan G'fell
SPANISH PESETAS							
Republic of Argentina	20bn	7.50	100.00	May 2002	0.62	-	BSN
NEW ZEALAND DOLLARS							
World Bank	100	8.00	99.50	May 2007	2.00	-	Toronto Dominion Bank
SWEDISH KRONOR							
Nordbanken(f) ‡	450	(f)	100.10	Jun 1999	0.10	-	Lehman Brothers
DUTCH GUILDERS							
MBNA Amer/Eur Struct(s)	750	6.00	99.83R	May 2007	0.325R	+30(5¾%-07)	Morgan Stanley

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. # Semi-annual coupon. R: Fixed re-offer price; fees shown at re-offer level. a) 6mth Libor +23bp. b) 3mth Libor, flat. c) For yrs 1&2, 5% yrs 3&4, 6% yr 5, 7% yr 6. d) Until 1999, then 16.5% less 2 times 6mth Libor. e) Add-on to existing SFr750m. f) 3mth-Stibor, flat. l) Over interpolated yield. l) Long 1st coupon. s) Short 1st coupon.

CAPITAL MARKETS NEWS DIGEST

Taiwan bond for development bank

The Central American Bank of Economic Integration is to host a roadshow today in Taipei to promote its planned issue NT$6.8bn (US$240m) in Taiwan dollar-denominated bonds. Lead underwriter Citibank said the issue would have a coupon rate of 7.35 per cent and a maturity of five years. Other underwriters for the issue include International Commercial Bank of China and Bank of Taiwan.

The Honduras-based Central American Bank of Economic Integration would become the second development bank to issue Taiwan dollar bonds. The Asian Development Bank issued T$2.6bn worth of Taiwan dollar-denominated bonds in August 1995, and a T$7bn issue in December 1996. *Laura Tyson, Taipei*

Moscow loan increased

Bankers have increased the size of a syndicated loan for the City of Moscow from $50m to $100m, after five banks joined the deal as co-arrangers. Korea Merchant Banking Corporation and Seoulbank are joining Bank Austria, Banque Paribas and Bayerische Landesbank as co-arrangers. Deutsche Morgan Grenfell, Société Générale and West Merchant were originally mandated to arrange the transaction.

The loan, the first agreed for a Russian local authority, was launched into general syndication on Wednesday. Moscow is paying 350 basis points over Libor for the facility. Banks from Korea, Taiwan and elsewhere in Asia are showing increased interest in the Russian market and now account for some 18 per cent of the money raised, according to one banker. Until the end of last year western European banks provided about 82 per cent of the money for Russian loans, with central European banks providing the remainder. US banks are also showing greater interest in the Russian market.

Meanwhile, Standard Bank of South Africa is paying just 20 basis points over Libor for a 364-day $250m loan, arranged by Dresdner, Commerzbank and Sanwa Bank, a new benchmark for South African banks. Komercni Bank of the Czech Republic is paying 20 basis points over Libor for the first three years and 22½ points for years four and five for a DM250m five-year credit. BZW, Dresdner, UBS and Sanwa are joint arrangers. *Richard Lapper*

Matif to cut margins

Matif, the French futures and options exchange, will today cut initial margins on its interest rate products, as a result of declining volatility. Margins deposited by traders as a security against losses will be lowered by 40 per cent on the Notional and Ecu bond contracts, and by 50 per cent on three-month Pibor futures. Daily fluctuation limits have also been reduced.

Matif said interest rate volatility had declined as a result of Emu-inspired convergence. Even the strongest fluctuations seen in the past 10 months did not justify higher margins, it said. *Samer Iskandar*

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	92.5670	-0.250	7.87	7.79	7.84
Austria		5.750	04/07	99.2600	+0.110	5.85	5.85	5.66
Belgium		6.250	03/07	101.8000	-0.180	6.00	5.94	5.82
Canada *		7.000	12/06	101.8500	-0.050	6.73	6.66	6.52
Denmark		8.000	03/06	109.4000	-0.120	6.57	6.54	6.38
France	BTAN	4.750	03/02	102.6211	-0.050	4.84	4.76	4.60
	OAT	5.500	04/07	97.7700	-0.080	5.80	5.71	5.53
Germany Bund		6.000	01/07	100.5900	-0.580	5.91	5.80	5.71
Ireland		8.000	08/06	108.2800	-0.170	6.76	6.67	6.68
Italy		6.750	02/07	94.7600	-0.170	7.51†	7.42	7.53
Japan	No 143	6.300	09/01	120.0458	-0.120	1.46	1.41	1.25
	No 182	3.000	09/05	106.0150	-0.040	2.16	2.16	2.24
Netherlands		5.750	02/07	99.7400	-0.240	5.78	5.71	5.48
Portugal		9.500	02/06	117.3000	-0.360	6.82	6.79	6.83
Spain		7.350	03/07	102.7500	-0.510	6.94	6.83	6.98
Sweden		8.000	08/07	105.3306	+0.150	7.24	7.17	6.91
UK Gilts		7.000	06/02	98-19	-8/32	7.33	7.18	6.87
		7.250	12/07	97-07	-15/32	7.64	7.48	7.34
		9.000	10/08	109-20	-16/32	7.72	7.57	7.44
US Treasury *		6.250	02/07	95-14	-11/32	6.90	6.83	6.66
		6.625	02/27	94-03	-17/32	7.10	7.05	6.93
ECU (French Govt)		7.000	04/06	105.2900	+0.030	6.21	6.09	6.05

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.49
Prime rate	8½	Two month	-	Three year	6.61
Broker loan rate	7¼	Three month	5.33	Five year	6.77
Fed.funds	5½	Six month	5.58	10-year	6.88
Fed.funds at intervention	-	One year	5.96	30-year	7.09

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	128.56	128.62	+0.02	128.94	128.56	114,963	160,465
Sep	126.98	127.06	+0.02	127.26	126.98	422	6,239
Dec	96.54	96.62	+0.02	96.54	96.54	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
127	1.62	1.93	1.55	-	0.32	1.49
128	0.62	1.19	1,95	-	0.57	1.98
129	-	0.61	0.67	0.38	0.99	2.59
130	-	0.26	0.39	1.38	1.64	-
131	-	0.09	0.23	2.38	2.47	-

Est. vol. total, Calls 26,419 Puts 30,379. Previous day's open int., Calls 132,841 Puts 163,813.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.77	100.57	-0.24	101.05	100.55	184570	272291
Sep	99.87	99.90	-0.24	99.95	99.54	3496	20913

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jun	CALLS Jul	CALLS Aug	CALLS Sep	PUTS Jun	PUTS Jul	PUTS Aug	PUTS Sep
10050	0.66	0.47	0.68	0.80	0.59	1.47	1.68	1.80
10100	0.41	0.32	0.50	0.62	0.84	1.82	2.00	2.12
10150	0.25	0.21	0.36	0.47	1.18	2.21	2.38	2.47

Est. vol. total, Calls 12917 Puts 25793. Previous day's open int., Calls 171224 Puts 192661

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	127.43	126.92	-0.60	127.82	126.78	57640	103744
Sep	127.90	127.12	-0.53	127.90	127.40	323	4911

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
12650	1.42	2.64	1.00	2.02
12700	1.08	2.35	1.16	2.23
12750	0.83	2.12	1.41	2.50

Est. vol. total, Calls 3456 Puts 2398. Previous day's open int., Calls 110986 Puts 126494

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.40	112.75	-0.51	113.71	112.74	100,077	63,533
Sep	-	111.92	-0.50	-	-	-	3

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109-17	109-01	-0-15	109-22	108-31	65845	169639
Sep	108-26	108-27	-0-16	108-28	108-26	113	2650

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jun	CALLS Jul	CALLS Aug	CALLS Sep	PUTS Jun	PUTS Jul	PUTS Aug	PUTS Sep
109	0-59	1-17	1-37	1-62	0-57	1-27	1-47	1-62
110	0-33	0-53	1-09	1-24	1-31	1-63	2-19	2-34
111	0-16	0-33	0-52	1-01	2-14	2-48	2-62	3-11

Est. vol. total, Calls 1771 Puts 1215. Previous day's open int., Calls 59053 Puts 23059

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	93.94	94.02	+0.22	94.20	93.94	1,490	6,448
Sep	-	93.64	+0.22	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	107-23	107-21	-0-02	107-27	107-20	321,952	465,907
Sep	107-09	107-08	-0-01	107-13	107-06	11,714	39,029
Dec	-	106-29	-	-	-	2,318	6,139

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	125.64	-	-	125.72	125.52	2645	n/a
Sep	125.44	-	-	125.47	125.32	309	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Apr 24	Day's change %	Wed Apr 23	Accrued interest	xd adj. ytd		Low coupon yield Apr 24	Low Apr 23	Low Yr. ago	Medium coupon yield Apr 24	Medium Apr 23	Medium Yr. ago	High coupon yield Apr 24	High Apr 23	High Yr. ago
1 Up to 5 years (19)	119.43	-0.05	120.15	1.97	4.14	5 yrs	7.36	7.31	7.51	7.42	7.36	7.55	7.46	7.42	7.66
2 5-15 years (20)	148.84	-0.31	149.31	3.07	3.12	15 yrs	7.75	7.70	8.18	7.77	7.71	8.20	7.63	7.60	8.29
3 Over 15 years (7)	168.96	-0.52	169.85	5.14	3.16	20 yrs	7.81	7.77	8.24	7.80	7.74	8.26	7.63	7.60	8.32
4 Irredeemables (5)	195.17	-0.03	195.22	4.42	2.37	Irred.†	7.83	7.83	8.29						
5 All stocks (51)	143.18	-0.27	143.83	3.04	3.60										

Index-linked							Inflation 5% Apr 24	Apr 23	Yr. ago	Inflation 10% Apr 24	Apr 23	Yr. ago
6 Up to 5 years (2)	203.50	0.05	203.40	0.37	3.03	Up to 5 yrs	3.31	3.32	2.75	2.55	2.56	1.32
7 Over 5 years (10)	194.90	-0.08	195.07	-1.31	2.32	Over 5 yrs	3.64	3.64	3.72	3.43	3.42	3.51
8 All stocks (12)	194.75	-0.07	194.89	1.21	2.37							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 18	Yr ago	High*	Low*
Govt. Secs. (UK)	93.69	93.67	93.90	94.12	94.15	92.67	96.62	93.31
Fixed Interest	116.82	116.83	116.78	117.02	116.96	112.26	120.18	115.32

Gilt Edged Activity Indices

	Apr 23	Apr 22	Apr 21	Apr 18	Apr 17
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until the end of May.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 24

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	96⅝	96⅞	-¼	7.21
ABN Amro Bank 7¼ 05	1000	98¾	99	-¼	7.60
Spain 7¼ 03	4000	109⅝	110	-⅛	5.24
Volkswagen Intl Fin 7 03	1000	107½	107⅞	+⅛	5.51
World Bank 5⅞ 03	3000	103⅜	103½	-⅛	5.25
Abbey Natl Treasury 8 03 £	1000	100⅜	100⅝	-¼	7.91
British Land 8⅞ 23 £	150	99⅜	99⅝	-⅜	9.14
Denmark 6¾ 98 £	800	99⅝	99¾		7.01
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
Shorts (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						
Index-Linked						
[illegible]						

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for August 1996: 153.1 and for March 1997: 155.4.

Other Fixed Interest

[illegible]

● "Tap" stock. †‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real index-linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

MANAGEMENT

The ties that bind

Hongkong Bank's mobile network of officers is having to respond to changes, says **John Ridding**

The scene was a reception at the Mandarin, one of Hong Kong's smartest hotels. As they sipped their drinks, a group of Hongkong Bank executives was approached by a client seeking a US$250m credit facility. Andrew Dixon, international general manager, had a word with David Eldon, chief executive, then stepped into the lobby with the treasurer and telephoned John Bond in London. The chief executive at HSBC Holdings gave the nod, and Dixon returned and gave approval. The whole process took some 20 minutes.

Lest loan hungry companies rush to his door, Dixon emphasises the case involved a well-known client. But the episode demonstrates the strong personal connections at the top of the bank and the power of its network of international officers, a mobile cadre who have trained and often lived together in overseas postings. All of the decision-makers involved, like most of the group's top executives, were international officers. Most have known each other for decades.

The international officer system has played a central part in the rise of the Hongkong Bank from a regional financier of colonial commerce to one of the most international and profitable financial institutions. Apart from providing a cadre of top managers, the system has helped spread a strong culture through the group. As the bank builds a global operation, the system, and its ability to adapt, remains vital.

"They are the glue that sticks the fabric of our federal organisation together," says Chris Langley, general manager for Hong Kong and China and himself an international officer.

Like the bank, the network of officers has been undergoing substantial evolution. The officers remain a relatively small group, some 400 out of a total of more than 30,000 at the bank and 100,000 at the group. They are still defined by their mobility. Their contracts require that they must up sticks and move on the word from above, be it to Kazakhstan or Kuala Lumpur.

But much else has changed. The image of rugby-playing Scotsmen has been left behind. Just one third of this year's recruits come from Britain, one third are women. In the field, the officers continue to provide virtually all of the bank's powerful country heads. But they are having to adjust to new management structures as Hongkong Bank responds to the increased specialisation of the sector and the challenge laid down by Citibank, its main rival, which has established a powerful international network of consumer and commercial banks.

Change, as Eldon points out, is inevitable. "We have to be flexible, and I think we are," he says. The task is to maintain the strengths of the international officer system – its strong personal connections and international expertise – while adapting to rapidly moving markets.

In the past, personal links and corporate culture were forged by the camaraderie of common experience in foreign parts. Recruits were shipped east and introduced to a regime of discipline, team work and a mess culture. "There were high jinks and a strong *esprit de corps*," says Dixon.

For the new recruits, the bank acted in "loco parentis". Until the mid-1980s, for instance, young international officers required the bank's permission to get married. The bank also imparted a culture of discipline and frugality. "I came out to Hong Kong a few days early to get used to the place," says one executive. "A car met me at the airport, brought me into the office and the contract was adjusted to bring the start forward."

The increasing diversity of the bank and its international expansion does not threaten the bank's culture or its connections, say more recent international officer recruits. "There is still networking and bonding," says Alison Zanardi-Landi, assistant credit manager. "There might not be a mess any more," says James Benoit. "But in many of the countries you are still living in the same area or building, socialising and seeing each other."

Bank officials dismiss the idea of an exclusive elite. Vincent Cheng, an executive director who proves that international officer status is not a pre-requisite for high office, argues that the culture has spread across the bank. Acquisitions, he says, can be trickier in terms of instilling this identity. But a system of cross-posting executives has helped integration. Simon Penney, chief financial officer who came from Midland Bank, says it was relatively easy to adapt. "Once a period of familiarisation has been gone through then a clear meritocracy applies." In the opposite direction, international officers have frequently been dispatched to acquisitions – "not to create a series of clones," says one executive, "but to ease the process".

Now that the group has built its global network, the main challenge is to improve efficiency – a task which raises questions about the role of the officer. "It is not that the system is too clubby or an anachronism, though some rivals might argue that," says one Hong Kong banking analyst. "But they have been a bit slow in responding to some of the changes in the industry."

Regional deregulation, the rise of the Asian market for personal banking and the increased specialisation of the industry have all contributed to a re-think of tactics. So, too, has the success of Citibank in creating a network based on standardised products and divisional structures. As a result, Hongkong Bank is shifting towards a series of functional business groups.

"Whereas we used to do everything through a geographical spread, we selected what we consider to be the major business drivers – personal banking, cards, etc – and set up regional heads," says Dixon. The aim is to provide country managers with additional expertise and resources.

Senior executives insist the shift will not undercut the country heads. "There has got to be a focal point in each country," says Eldon. In management terms, bank executives talk of "functional overlays" or the meshing of geographical and functional activities into a matrix system. It is a long way from the jargon of the mess. But it is set to reinforce, not unravel, the network that was forged there.

Career-fit worker seeks insecure post

Staff increasingly rate development opportunities above having a job for life, writes **Diane Summers**

Some companies provide a gym to help the workforce keep in physical shape – International Business Machines goes one better with career fitness centres. Confidential counsellors help in assessing employees' skills, drawing up action plans to improve job prospects, and encouraging individuals to take charge of their own careers.

The fitness centres are one of the ways in which IBM acknowledges the profound change in recent years in the contract between employer and employee. As in most organisations, the paternalistic relationship has disappeared and assurances of help to improve employability have replaced pledges of employment for life.

Just how profound the changes in the contract have been, and how companies – some successfully, others less so – have dealt with consequent conflicts, is highlighted in a report from the Conference Board, the business research organisation.*

The report's findings are drawn from the experiences of 92 organisations, two-thirds US-based, the remainder based mainly in Europe. Those surveyed included IBM, Amoco, Fiat, Deere, LVMH and Philips International.

Overall, 67 per cent of the companies said they once had, but no longer have, a contractual or tacit understanding with employees that promised a secure job in exchange for loyal and dedicated service. A further 27 per cent said such an agreement had never existed in their companies, leaving just 6 per cent where the paternalistic relationship remains more or less intact.

For most of the companies, change started in the early 1990s, often as a delayed reaction to restructuring begun the previous decade. The study finds both management and employees often "seem to go through a period of denial before irreversible trends are acknowledged".

In the early and mid-1980s, downsizing was typically viewed as a one-time fix. Managers often thought it unnecessary to discuss job cuts with employees because reducing the size of the workforce was not seen as a long-term business strategy, and thus not a threat to traditional ways of doing business. Employees, too, often continued to believe that, as the fortunes of their company improved, life would get back to normal.

Denials like these have led to conflict in many organisations and a trust gap. Nearly two-thirds of the Conference Board companies surveyed say managements' lack of credibility has been an obstacle in relationships with the workforce.

Low morale is also pervasive, though few companies mention low productivity as a problem.

The trust gap is of concern to managers because, as the study indicates, employee qualities they continue to rate most highly are commitment, trust and accountability.

As for the expectations of employees themselves, internal surveys, coupled with feedback by managers, would indicate that for the career-fit employee security is not necessarily top of the wish list. Interesting work, good communication and opportunities for development rank more highly, although European employees rated secure employment ahead of open communication.

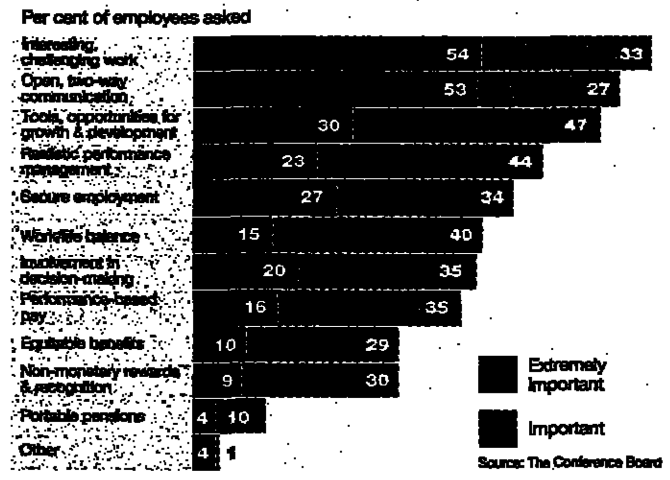
The Conference Board attributes the differences between US and European companies at least in part to later downsizing and protective labour legislation in many European countries. For both groups of companies, benefits, perks and portable pensions come bottom of the list.

Transforming a company's parental relationship with its employees does not occur without pain and may not be problem-free, the study concludes. However, "most businesses have found that the old contract can no longer be sustained. What companies say they want is a partnership with their employees, one in which each party makes a commitment and shares responsibility for business success."

**Implementing the New Employment Compact. HR Executive Review, the Conference Board. $15 to members, $60 to non-members. Europe tel: 00 322 675 5405. US tel: 001 212 759 0900.*

What employees expect from companies

Per cent of employees asked



Source: The Conference Board

COMMODITIES AND AGRICULTURE

Ofgas finds evidence of manipulation

By Robert Corzine

Ofgas, the UK gas industry regulator, has found evidence of short-term price manipulation in the UK's evolving spot market for natural gas.

A report into the spot market that has developed alongside the liberalisation of the UK's gas industry found evidence that the behaviour of individual companies could affect short-term gas prices. However, Ofgas found no evidence of long-term price manipulation.

"Due to the lack of depth and the small number of very active participants, individual companies can affect the price in the short term," Ofgas said. Although it said longer-term price manipulation was a "possibility ... we have found no evidence to suggest that this is occurring" among the 35 or so companies active in the market.

The emerging gas market in the UK is mainly based on informal, over-the-counter trading, although a futures contract on London's International Petroleum Exchange accounts for about 10-15 per cent of daily volumes. Ofgas found that about 10 per cent of total gas delivered to customers in the country is sourced from the spot market. This amounts to about 7m therms a day.

The study concluded that "some form of collusive action would probably be necessary" for any long-term manipulation of the market. It said that although North Sea gas producers and Centrica, the demerged gas supply arm of British Gas which controls 70 per cent of the country's gas, "may have an interest in higher gas prices in the long term ... they may well have differing short-term interests, making collusive price manipulation less likely."

The study confirmed that Centrica – which owns the Morecambe gas field, the country's largest – can have a big impact on the market. Its decision last year to reduce output at the field may have been a contributing factor to a later price rise. But it added that "most people we talked to" regarded the move as a legitimate commercial action.

EU tax news boosts wheat

MARKETS REPORT

By Laurie Morse in Chicago and Gary Mead in London

Wheat futures prices on the Chicago Board of Trade had rebounded by midday yesterday, nearly erasing substantial morning losses, on news that the European Union had reinstated a tax on European wheat exports.

The tax was interpreted by US traders as a sign that Europe was again concerned that global demand for milling-quality wheat might outstrip supply, and would drive up domestic bread prices.

Wheat prices for July delivery in Chicago and Kansas City had lost as much as 25 cents a bushel in Wednesday's and yesterday's sessions, as traders retreated from a sharp rally that followed a killing frost in wheat-growing regions of Oklahoma, Kansas, and Texas on April 12.

"There isn't any reliable way to estimate the damage" from that frost, said Mr Warren King, wheat analyst for Chicago-based Cargill Investors Services.

Traders said the EU wheat tax was the first supportive piece of news for the market since the frost spurred prices higher last week.

Crude oil prices were generally firm after a late rally on Wednesday night. The bellwether Brent Blend for June delivery was quoted at about $18.17 a barrel in late trading in London, 10 cents up on its close on Wednesday and well above the psychologically important $18 level.

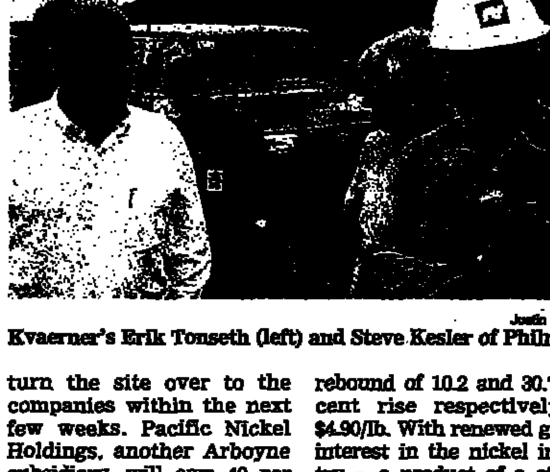
Copper provided all the interest again yesterday on the London Metal Exchange, as the three-month contract approached but then dipped away from the psychologically important $2,400 mark, peaking the day at $2,399 in the morning.

The afternoon "kerb" trading closed at $2,368, up $1 from the previous close. The backwardation of cash over the three-month contract – the premium of the spot delivery price – broke through to $203, having reached a high of $210 in the morning session. The metals market's continued focus on copper was slightly spurred by the daily stock levels report from the LME, stating a 2,350 tonne drop.

Among soft commodities, the July contract for cocoa on the London International Financial Futures Exchange closed the day up £12 at £1,038 a tonne, amid what dealers described as dull trading.

The Liffe-traded July contract for robusta coffee ended the day $7 higher at $1,662 a tonne, having reached an intra-day peak of $1,670.

New lease of life for Nonoc



Justin Marozzi

Kvaerner's Erik Tonseth (left) and Steve Kesler of Philnico

The crumbling hulk of an island nickel mine, built in 1974 and disused for 11 years, in the southern Philippines would strike many as a curious investment. But it is set to transform the region's economic potential.

With its own deep water port, airstrip, power and gas plants, oil storage facilities, water supply and community housing, the Nonoc island nickel mine and refinery has attracted the attentions of Kvaerner, the Norwegian engineering group and Philnico Industrial and Mining Corporation, a wholly-owned subsidiary of Arboyne, the listed Australian mining group – soon to be renamed Pacific Nickel. Kvaerner is taking a 10 per cent stake in the venture.

This week work starts on what will be an 18-month investment programme of about $550m, with the total expected to be some $630m.

The mine's previous incarnation was unproductive and brief. Twelve years after its construction, the mine had become another industrial victim of the Marcos era. Crippled by high fuel costs, a slide in world nickel prices, restricted access to foreign exchange and a lack of working capital, it collapsed in 1986 and has been crumbling ever since.

Under the latest attempt to resuscitate the mine by the Kvaerner-Arboyne alliance, terms have been agreed with the government's Asset Privatisation Trust, which is expected to turn the site over to the companies within the next few weeks. Pacific Nickel Holdings, another Arboyne subsidiary, will own 40 per cent of the mining rights, the foreign ownership limit.

Kvaerner will stick around, says Mr Erik Tonseth, chairman. "We could have done all the contracting and just left, but with the equity stake and opportunities for performance-related bonuses, we see this as a business opportunity."

Although there are no foreign companies mining nickel there at present, the Philippines sits on the world's fourth-largest resources of the metal after Cuba, New Caledonia and Indonesia. Last year, after demand fell 3.5 per cent, world nickel prices ended at $3.11/lb, the lowest for more than two years.

For 1997 and 1998, Macquarie Equities, the Australian broker, is forecasting a rebound of 10.2 and 30.7 per cent rise respectively to $4.90/lb. With renewed global interest in the nickel industry – a product of a strong world economy and high demand for stainless steel – the race is now on to put as much nickel production onstream as possible before 1999, when production begins at the giant Voisey's Bay in Canada.

As part of the race, foreign interest in the Philippines' nickel industry is redoubling, says Mr Steve Kesler, president of Philnico.

"With its geological position, the Philippines has long been identified for its mining potential," he says. "The biggest change now is the political and fiscal climate. When you travel to the southern cities of Cebu and Davao, the place is crawling with geologists and mining executives."

In January, persuaded of the wider industrial and employment opportunities a revived nickel mine would bring to the region, the government declared 150 hectares of Nonoc a special economic zone. Much of the plant looks in poor condition but this is only superficial, says Mr Kesler.

Governed by the old Mineral Production Sharing Agreement, Nonoc comes with a mining area of 25,000 ha, containing 82m tonnes of nickel reserves, enough for 30 years. The agreement stands for 25 years and can be renegotiated for a further 25 years on its expiry.

Foreign mining is an emotive issue in the Philippines. Strong passions were aroused last year when Marcopper, a local mining group then 40 per cent owned by Placer Dome of Canada, leaked several million cubic metres of tailings into the river on Boac island.

Applications from foreign mining companies for exploration licences have since been frozen and the government has enacted a new mining law which imposes stiffer fines on companies spilling waste. Nonoc, however, because it has already operated and is not a green-field operation, does not fall under these regulations.

With the investor-friendly administration of President Fidel Ramos, a healthy economy and a solid world nickel industry, prospects for Nonoc look better this time. What a difference a president makes.

Justin Marozzi

COMMODITIES NEWS DIGEST

Eramet in move to settle dispute

Mr Yves Rambaud, head of Eramet, the French mining group, has offered to meet his counterparts at Falconbridge and Société Minière du Sud Pacifique (SMSP) to try to resolve the dispute over one of its nickel concessions in New Caledonia.

The dispute relates to the French government's efforts to placate local separatists in the French Pacific territory, who control SMSP, by giving them one of the nickel concessions held by Eramet. The offer, which includes development of the concession by Falconbridge, is being resisted by Eramet. Paris is revoking the company's concession, but has promised to compensate other Eramet shareholders. Earlier this week it moved to end the impasse with the mining company's management by claiming a majority on the board to reflect its 55 per cent stake. *David Owen, Paris*

Tobacco softer in Harare

Virginia tobacco prices opened the new sales season on the Harare auction floors modestly softer than last year. While trading figures for the first few days, and even weeks, of sales are seldom a reliable guide to the season's outcome, the 10 per cent decline in prices from last year's opening is broadly in line with expectations as well as with the market performance in Brazil.

When sales opened on Tuesday, the Zimbabwe Tobacco Association estimated the daily average price at 208 US cents a kilogram, almost 14 per cent lower than the 1996 opening price, but these figures are only an estimate, because the controversial new Boka auction floor had not submitted its prices. Mr Roger Boka, whose "indigenous" auction floor has attracted much publicity this week, is predicting far higher prices than others in the business. In 1996, prices opened at more than 240 US cents a kilogram then rose rapidly during the first month of sales to an average of 285 cents. *Canute James, Kingston*

Jamaica lifts bauxite output

Jamaica's bauxite production reached 2.98m tonnes in the first quarter of this year, 1.7 per cent more than a year earlier, according to the island's Bauxite Institute. Alumina production was up 2.4 per cent to 816,991 tonnes. The improvement was due mainly to a correction of technical problems which had troubled Alumina Partners, the island's largest refinery, early last year. The island is the world's third largest bauxite producer after Australia and Guinea, according to the institute. Bauxite ore production this year is forecast by the institute at 12m tonnes, following last year's 11.7m tonnes. *Canute James*

Alcanbrasil to expand

Canada's Alcan Aluminium plans to spend US$350m to expand and modernise its Brazilian operations. The investment is designed to meet strong demand in South America for aluminium beverage cans. Capacity at Alcanbrasil's Pindamonhangaba sheet-rolling mill will rise from 100,000 tonnes to 250,000 tonnes a year over the next three years. The expansion involves installation of a tandem finishing mill for the existing hot mill, followed by a second cold-rolling mill. *Bernard Simon, Toronto*

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1567-68	1599-600
Previous	1570-71	1603.5-04.0
High/low		1617/1592
AM Official	1574-75	1607-07.5
Kerb close		1594-95
Open int.	277,756	
Total daily turnover	75,386	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1460-63	1486-90
Previous	1463-68	1490-93
High/low		1500/1488
AM Official	1470-75	1495-500
Kerb close		1485-88
Open int.	5,862	
Total daily turnover	1,689	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	626-7	635.5-6
Previous	635-36	641-42
High/low		637/635
AM Official	630-1	636.5-7
Kerb close		636-7
Open int.	35,971	
Total daily turnover	4,674	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7345-55	7460-70
Previous	7345-55	7460-70
High/low		7540/7430
AM Official	7415-20	7529-31
Kerb close		7450-60
Open int.	49,635	
Total daily turnover	13,838	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5685-95	5730-35
Previous	5780-90	5810-15
High/low		5820/5700
AM Official	5712-15	5755-60
Kerb close		5715-20
Open int.	16,786	
Total daily turnover	2,615	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1255-56	1277-78
Previous	1257-58	1280-81
High/low		1289/1269
AM Official	1263-63.5	1286-86.5
Kerb close		1271-72
Open int.	89,392	
Total daily turnover	26,518	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2573-75	2371-73
Previous	2600-05	2358-59
High/low	2595/2590	2395/2360
AM Official	2588-90	2388-89
Kerb close		2367-68
Open int.	137,637	
Total daily turnover	72,425	

■ LME AM Official £/$ rate: 1.6223
LME Closing £/$ rate: 1.6257

Spot: 1.6255 3 mths: 1.6235 6 mths: 1.6212 9 mths: 1.6190

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	113.95	+0.30	114.30	112.80	459	1,029
May	112.35	-0.45	113.85	111.50	8,620	14,558
Jun	110.55	-0.85	112.00	110.30	483	2,170
Jul	109.90	-0.55	111.30	109.30	7,512	14,680
Aug	108.15	-0.40	108.00	108.00	146	885
Sep	106.70	-0.50	107.70	105.90	595	4,867
Total					18,395	50,437

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	340.70-341.20		
Opening	340.40-340.70		
Morning fix	341.15	210.76	500.98
Afternoon fix	340.90	209.62	499.08
Day's High	341.65-341.95		
Day's Low	340.00-340.30		
Previous close	340.80-341.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.63	6 months	4.62
2 months	4.62	12 months	4.57
3 months	4.62		

Silver Fix	p/troy oz.	US cts equiv.
Spot	290.80	471.25
3 months	294.90	477.20
6 months	299.15	483.45
1 year	308.30	497.05

Gold Coins	$ price	£ equiv.
Krugerrand	342-344	210-212
Maple Leaf	-	-
New Sovereign	80-83	49-51

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	340.9	-0.6	341.4	341.0	18	310
May	341.4	-0.6	-	-	-	-
Jun	342.7	-0.6	344.0	342.0	9,665	75,379
Aug	345.3	-0.6	346.3	344.7	127	16,372
Oct	347.8	-0.6	348.6	348.0	75	6,258
Dec	350.7	-0.6	351.5	350.6	184	21,472
Total					10,398	163,216

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	376.8	+1.4	-	-	7	4
Jul	375.8	+1.4	377.0	372.5	2,061	12,869
Oct	377.2	+1.3	377.5	377.5	54	2,900
Jan	378.4	+1.3	-	-	7	1,181
Total					2,132	16,961

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	155.45	+0.45	157.90	154.75	340	6,748
Sep	155.20	+0.20	155.50	155.50	15	2,741
Dec	155.95	+0.20	-	-	-	326
Total					345	9,819

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	469.0	-3.1	-	-	2	1
May	469.3	-3.2	473.0	467.5	9,096	35,604
Jul	474.1	-3.2	477.5	472.5	4,684	38,125
Sep	479.0	-3.1	481.0	479.0	189	4,131
Dec	486.4	-3.1	489.0	485.0	245	6,489
Jan	489.0	-3.1	-	-	-	17
Total					14,246	96,764

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	19.83	+0.10	19.87	19.67	38,220	112k
Jul	19.84	+0.10	19.86	19.66	10,797	51,528
Aug	19.83	+0.09	19.83	19.68	5,060	28,749
Sep	19.88	-0.05	19.77	19.68	2,560	18,064
Oct	19.68	-0.05	19.75	19.68	633	15,429
Nov	19.70	-0.02	19.70	19.70	377	12,886
Total					69,577	468,623

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	18.24	+0.16	18.24	18.05	10,373	68,734
Jul	18.29	+0.17	18.32	18.15	2,317	46,989
Aug	18.30	+0.05	18.42	18.30	254	15,130
Sep	18.40	+0.05	18.50	18.40	90	8,324
Oct	18.45	+0.05	18.50	18.45	105	5,724
Nov	18.40	-0.02	18.60	18.39	68	5,221
Total					na	na

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
May	55.25	-0.40	55.70	54.75	11,737	18,717
Jun	53.50	+0.17	53.65	53.10	9,141	35,073
Jul	53.50	+0.07	53.65	53.40	3,312	24,203
Aug	54.20	+0.22	54.25	53.95	1,895	13,570
Sep	54.80	+0.12	55.00	54.80	230	7,919
Oct	55.45	+0.02	55.55	55.45	554	7,332
Total					28,922	143,923

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	164.75	+1.75	165.75	163.50	7,449	22,674
Jun	165.00	+0.75	166.00	164.50	4,303	13,347
Jul	166.50	+0.75	167.75	166.00	1,048	7,954
Aug	168.50	+0.75	169.00	168.00	539	5,168
Sep	170.50	+0.75	170.75	170.00	180	2,693
Oct	172.25	+0.75	172.75	172.00	353	3,533
Total					18,003	67,402

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
May	2.075	+0.015	2.085	2.040	48,882	14,313
Jun	2.095	+0.008	2.105	2.050	26,393	35,791
Jul	2.110	+0.010	2.130	2.085	8,102	19,855
Aug	2.120	+0.012	2.130	2.090	4,643	13,667
Sep	2.120	+0.010	2.125	2.095	3,159	12,789
Oct	2.130	-	2.145	2.115	2,244	15,767
Total					89,998	196,060

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	62.15	+0.41	62.25	61.45	17,284	23,963
Jun	61.30	+0.30	61.43	60.80	9,647	41,152
Jul	60.25	+0.40	60.35	59.95	1,774	14,269
Aug	59.20	+0.45	59.20	58.70	852	6,456
Sep	58.05	+0.55	58.05	57.25	418	3,074
Oct	56.05	+0.30	56.05	55.90	145	2,005
Total					31,601	99,014

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	96.40	-1.00	97.40	95.90	67	926
Jul	99.50	-1.15	100.60	98.90	124	1,966
Sep	95.60	-1.15	-	-	-	51
Nov	97.80	-1.15	98.00	97.50	48	3,343
Jan	99.60	-1.15	99.75	99.75	5	987
Mar	101.60	-1.15	-	-	-	556
Total					244	8,003

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	421.50	-10.75	434.00	420.00	2,600	4,503
Jul	425.75	-10.00	440.00	425.00	14,812	56,566
Sep	429.50	-11.25	445.00	429.00	2,212	13,112
Dec	440.25	-9.25	455.00	439.00	2,155	12,894
Mar	443.00	-7.00	451.00	439.00	87	748
May	420.00	-6.00	428.00	420.00	-	4
Total					21,765	88,849

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	293.00	-5.50	298.50	292.00	23,046	62,873
Jul	293.75	-5.50	299.25	292.75	24,638	129,477
Sep	281.75	-4.75	287.00	281.50	848	23,652
Dec	278.50	-3.75	282.25	277.50	11,575	101,784
Mar	283.00	-4.25	287.00	282.50	294	10,097
May	287.00	-4.00	289.00	287.00	45	707
Total					60,539	334,627

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	88.00	-3.00	91.00	90.50	8	104
Sep	91.50	-1.50	-	-	-	28
Nov	93.50	-1.50	-	-	-	809
Jan	95.50	-1.50	-	-	-	74
Mar	97.50	-1.50	-	-	-	-
May	99.50	-1.50	-	-	-	-
Total					8	1,015

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	847.00	+4.50	848.00	838.50	11,794	32,051
Jul	848.00	+3.50	850.00	840.50	24,796	83,091
Aug	827.50	-	831.00	823.00	2,492	13,647
Sep	754.75	+1.50	758.00	750.00	283	7,103
Nov	695.00	-1.00	701.50	692.00	8,633	41,454
Jan	699.75	-2.25	706.00	697.50	202	2,554
Total					48,223	181,282

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	24.85	-0.08	24.95	24.63	7,691	19,094
Jul	25.32	-0.01	25.45	25.08	18,488	41,541
Aug	25.48	-	25.50	25.24	1,377	10,007
Sep	25.53	-0.01	25.60	25.30	1,321	6,583
Oct	25.52	-0.03	25.70	25.27	1,647	6,029
Dec	25.61	-0.05	25.75	25.45	3,003	17,435
Total					36,527	101,987

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	273.0	+0.6	274.2	271.2	4,485	28,200
Jul	270.8	+1.1	272.3	268.8	6,526	38,343
Aug	262.7	+1.6	264.7	261.2	745	11,137
Sep	248.0	+1.6	249.5	246.2	218	7,309
Oct	226.7	-0.1	228.5	225.2	624	7,558
Dec	219.4	-0.4	222.0	218.7	1,621	15,856
Total					14,322	111,421

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	20.0	-	-	-	-	173
Jun	43.0	-	-	-	-	-
Nov	82.5	-2.5	-	-	-	9
Mar	127.5	-2.5	-	-	-	-
Apr	135.5	-2.5	137.0	134.0	97	1,007
Total					97	1,189

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	1284	+9	1300	1300	2	651
May	1340	+45	1345	1300	39	675
Jun	1260	+50	1260	1215	46	132
Jul	1200	+40	1210	1165	85	1,045
Oct	1310	+28	-	-	-	486
Jan	1340	+20	-	-	-	57
Total					172	3,627

	Close	Prev
BFI	1281	1292

FUTURES DATA
All futures data supplied by CMS.

Wool

Finer merino wool in Australia and South Africa sold at higher prices again at auctions this week. Rises in this sector, related to apparel and favoured by fashion, led to new record levels for the main wool market indicators. Australia's Eastern Market Indicator closed A19 cents higher at A659 cents a kilo, a new high for the selling season. New Zealand however saw the main indicator fall NZ6 cents to close at NZ418 cents a kilo, close to the seasonal low. Australian stockpile disposals rose from 20,000 bales to 28,000 this week, completing the minimum legislated requirement. Proposals by an Australian consortium to buy the remaining stockpile would relieve the Australian government of its debt but many traders and processors would be unhappy about such a distortion to supply.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1023	+5	1028	1016	841	11,759
Jul	1043	+5	1049	1036	2,073	21,799
Sep	1053	+2	1059	1049	457	13,409
Dec	1026	-	1030	1024	518	28,519
Mar	1036	-1	1040	1032	721	29,548
May	1046	-2	1048	1045	1,704	16,348
Total					8,138	136,100

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1452	+15	1460	1440	45	641
Jul	1475	+17	1478	1458	2,948	34,796
Sep	1497	+17	1503	1479	239	13,146
Dec	1520	+16	1520	1504	228	18,581
Mar	1545	+18	1540	1528	526	19,628
May	1566	+18	1560	1548	10	8,556
Total					3,987	95,099

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Apr 23		
Daily	1153.88	1147.82

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1608	-24	1641	1575	2,158	12,513
Jul	1644	-18	1689	1615	3,194	17,235
Sep	1660	-13	1683	1635	1,822	10,312
Nov	1660	-11	1680	1636	288	3,555
Jan	1640	-6	1655	1610	570	1,583
Mar	1620	-6	1600	1600	10	148
Total					7,832	45,348

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	219.75	+5.45	220.00	211.50	1,131	2,903
Jul	198.20	+4.80	198.50	188.50	6,165	14,770
Sep	181.00	+5.35	181.50	172.00	873	6,692
Dec	162.05	+5.10	162.50	155.00	390	4,250
Mar	150.00	+3.50	150.00	144.00	170	1,480
May	143.00	+3.00	143.00	140.00	6	260
Total					8,743	30,592

■ COFFEE (ICO) (US cents/pound)

Apr 23		Prev. day
Comp. daily	148.58	146.52
15 day average	139.64	139.05

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	312.8	-1.8	317.5	311.0	2,310	11,130
Oct	304.8	-2.0	307.8	303.1	1,150	5,749
Dec	301.8	-2.2	305.3	300.7	439	1,257
Mar	300.9	-1.6	304.5	300.0	330	1,093
May	299.8	-2.8	303.5	300.0	200	405
Total					4,459	19,649

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	11.45	-0.07	11.66	11.25	14,818	29,806
Jul	11.07	-0.17	11.28	10.91	25,984	87,234
Oct	10.87	-0.11	10.98	10.78	6,554	37,030
Mar	10.78	-0.07	10.87	10.72	1,236	20,087
May	10.72	-0.07	10.81	10.72	375	4,849
Jul	10.65	-0.07	10.75	10.66	4	1,879
Total					48,921	181,321

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	70.65	-0.72	71.80	70.40	8,874	2,785
Jul	72.44	-1.01	73.44	72.20	10,829	40,579
Oct	74.20	-0.57	74.85	74.00	673	2,449
Dec	75.20	-0.45	75.60	74.94	2,407	23,295
Mar	76.25	-0.55	76.70	76.00	78	2,989
May	76.93	-0.62	76.55	76.55	40	697
Total					22,820	73,779

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	78.05	+0.30	78.25	74.85	2,127	6,371
Jul	77.95	+0.30	78.20	77.10	1,522	13,186
Sep	80.50	+0.30	80.60	79.90	626	5,427
Nov	82.85	+0.25	83.00	82.45	116	2,309
Jan	85.05	+0.36	84.95	84.50	3	1,003
Mar	87.25	+0.35	87.40	86.80	14	692
Total					4,556	28,191

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Apr 24	Apr 23	month ago	year ago
1978.5	1958.9	1967.1	2137.3

■ CRB Futures (Base: 1967 = 100)

Apr 23	Apr 22	month ago	year ago
246.85	246.54		

■ GSCI Spot (Base: 1970 = 100)

Apr 23	Apr 22	month ago	year ago
193.19	194.14	192.28	215.62

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	63.925	-0.725	64.800	63.875	3,831	37,388
Aug	64.000	-0.525	64.550	63.875	1,987	24,591
Oct	68.150	-0.350	68.500	68.100	1,038	15,469
Dec	69.875	-0.425	70.200	69.850	476	8,416
Feb	70.700	-0.475	71.150	70.700	793	5,524
Apr	72.725	-0.375	72.950	72.675	40	855
Total					6,888	92,286

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	85.375	+0.425	86.600	84.750	3,478	16,224
Jul	85.525	+0.600	86.400	84.850	2,608	5,816
Aug	83.100	+0.300	84.450	82.400	1,462	4,872
Oct	76.150	+0.300	77.000	75.550	551	4,303
Dec	73.350	+0.450	73.900	72.600	237	2,919
Feb	71.625	+0.275	71.850	71.250	142	819
Total					8,580	35,807

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	95.125	+3.000	95.125	92.000	1,304	3,014
Jul	94.675	+3.000	94.675	91.650	2,365	3,009
Aug	91.375	+3.000	91.375	89.000	387	1,038
Feb	78.300	+0.275	81.025	78.050	98	218
Mar	78.000	+1.400	79.400	78.000	2	8
Total					4,166	7,287

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	May	Aug	May	Aug
1500	75	94	2	17
1600	11	56	37	53
1700	-	29	127	116

■ COPPER (Grade A) LME	May	Aug	May	Aug
2200	263	166	-	30
2300	165	102	1	65
2400	77	57	14	118

■ COFFEE LIFFE	Jul	Sep	Jul	Sep
1600	125	180	81	120
1650	100	156	106	146
1700	79	137	136	177

■ COCOA LIFFE	Jul	Sep	Jul	Sep
1000	72	91	29	38
1025	58	76	40	48
1050	46	64	53	61

■ BRENT CRUDE IPE	Jun	Jul	Jun	Jul
1800	-	-	-	-
1850	-	-	-	-
1900	16	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$16.82-6.95	+0.515
Brent Blend (dated)	$17.79-7.81	+0.36
Brent Blend (Jun)	$18.14-8.16	+0.26
W.T.I.	$19.78-9.80z	+0.31

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$202-204	-1
Gas Oil	$166-170	+2
Heavy Fuel Oil	$78-80	
Naphtha	$174-176	-2
Jet fuel	$187-189	+1.5
Diesel	$168-170	-5

■ NATURAL GAS (Pence/therm)

Bacton (May)	10.3-10.4	

Petroleum Argus. Tel. London (0171) 359 8792

IPE (May)	10.360	+0.010

■ OTHER

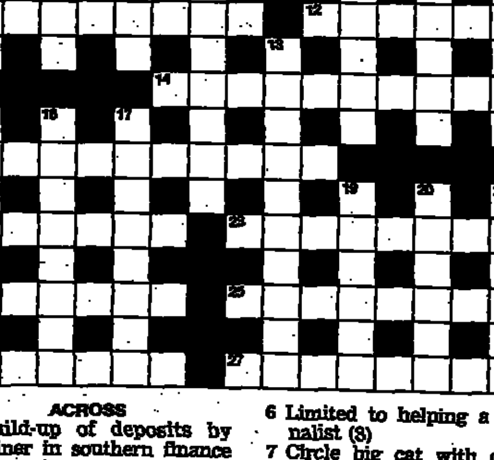
Gold (per troy oz)♣	$340.95	-0.10
Silver (per troy oz)♣	474.00c	+2.00
Platinum (per troy oz.)	$374.50	+1.50
Palladium (per troy oz.)	$157.00	+3.00
Copper	119.0c	+3.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.03r	
Tin (New York)	272.5	
Cattle (live weight)	92.97p	+1.10*
Sheep (live weight)	135.24p	+3.20*
Pigs (live weight)†	98.87p	+11.78*
Lon. day sugar (raw)	$283.80	+6.60
Lon. day sugar (wte)	$320.00	+5.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (May)♥	70.50p	
Rubber (Jun)♥	70.50p	
Rubber (KL RSS No1)	280.5x	-3.0
Coconut Oil (Phil)§	720.0y	+17.5
Palm Oil (Malay.)§	570.0z	+5.0
Copra (Phil)§	$450.0y	
Soyabeans (US)	224.0	+1.0
Cotton Outlook'A' index	79.15c	+0.25
Wooltops (64s Super)	418p	+18

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ z Jun London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,346 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,358 Set by GRIFFIN



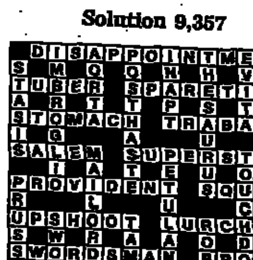
ACROSS

1 Build-up of deposits by joiner in southern finance house (8)
5 Cargo note going missing causes alarm (6)
9 Allow men to carry wreathes (8)
10 Attitude of volunteers since I dropped round (6)
11 Leave poor hill climber (8)
12 Her hooter's brought in, a stupid mistake! (6)
14 Sickly-looking rotter bothered Vera to ring us (10)
18 Pure new metal – aim to include copper (10)
22 Shoot rider backing disorderly crowd (6)
23 Dead awkward fitting inserted and modified (8)
24 Laura's callous, a bit of a rogue (6)
25 Got Mr Cook to decline loan (8)
26 Gasps when shown round fifty factories (6)
27 Field behind East Street that's cut off (8)

DOWN

1 Credit note in blue demanding respect! (6)
2 In linear ergonomics it's closer (6)
3 Song set in bare US city (6)
4 A race to join throughout the country (10)
6 Limited to helping a journalist (8)
7 Circle big cat with cystic tumour (8)
8 Gold taken by the first speculator (8)
13 Running out if sad is hard to please (10)
15 Look – a band on the runway! (8)
16 Divine food from my half-brother in Asia (8)
17 Tenant with very little money in account moved (8)
19 Where rain goes in front garden, say (6)
20 Star exchanged horde with family (6)
21 Stick had broken before (6)

Solution 9,357



CURRENCIES AND MONEY

Traders sit tight ahead of G7

MARKETS REPORT

By Simon Kuper

The dollar and pound rose yesterday on a slight fall in west German inflation and a comment from a Bundesbanker implying that German interest rates were unlikely to rise soon.

Trading was again quiet ahead of Sunday's Group of Seven summit in Washington and today's meeting between President Bill Clinton and Mr Ryutaro Hashimoto, the Japanese prime minister. But Mr Michael Burke, senior economist at Citibank in London, said: "There's not a great fear that these meetings could result in a trend reversal for the dollar."

Mr Hans-Juergen Krupp, Bundesbank council member, said Germany was in no danger of inflation. He also said that those who thought the bank might have to follow US rate rises ignored differences between the German and US economies.

The D-Mark recovered somewhat later in the day after an opinion poll showed that 69 per cent of French voters favoured a new referendum on European monetary union. That seemed to cast doubt on France's future support for Emu.

The poll, which came three days after President Jacques Chirac called an early general election, was taken by the forex market to suggest that the election could be a closer call than had been predicted. Previously it had been thought that the centre-right would win, gaining a mandate for tough fiscal measures to equip France for Emu. Another poll was yesterday rumoured to show the centre-right winning the election by a very slim margin.

Most European currencies rose against the D-Mark before the Emu poll, but after it appeared they dropped to around their Wednesday closing levels.

The D-Mark closed in London 0.4 pfennigs lower against the dollar at DM1.717 and 1.2 pfennigs down against the pound at DM2.792. The dollar once again failed to break through resistance around DM1.7210, and closed unchanged against the yen at Y126.1.

■ J.P. Morgan yesterday recommended that investors buy the D-Mark aggressively against European high yielding currencies such as the lira and the peseta. Mr Avinash Persaud, currency strategist at the bank, said that if Italy and Spain entered Emu in the first round their currencies would rise at most 1 per cent from present levels. But if the countries were left out, the currencies could fall by 5 to 10 per cent.

Most forex strategists are now confident that Italy will at the least miss the start of Emu, yet the lira has barely suffered. Mr Burke says this is because of the high yields on lira assets. The Bank of Italy has felt unable to cut interest rates in recent weeks because the currency has been soft. Mr Burke said a decision to exclude Italy and other southern countries from the start of Emu could come at the European Union's Amsterdam summit in June.

Mr Steven Englander, international economist at Smith Barney in Paris, said it was significant that even the European Commission forecast that Italy would miss the budget deficit target for Emu. The Commission's message to Italy in its Wednesday forecast was, "There is no way in heaven that you are going to get there," according to Mr Englander.

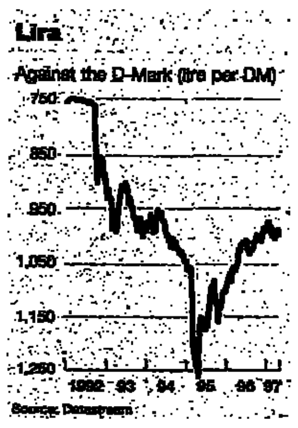
■ The Polish zloty is the most actively traded eastern European currency, ahead even of the Russian rouble. It is likely to become more traded still: yesterday Poland said it would go further towards making the zloty convertible.

The zloty, now managed on a crawling peg, ended the day flat at 2.50/2.46 per cent from its trading band centre, at 3.1480/95 to the dollar. The National Bank of Poland has been intervening to keep the zloty from rising, as the strong Polish economy is attracting foreign buyers of the country's treasury bills. The Gdansk Market Economy Institute said yesterday that Polish gross domestic product grew 7.6 per cent in the first quarter of 1997.

Mr Richard Gray, emerging markets analyst at Bank of America in London, recommended the zloty. "You get 21 per cent yields from the T-bills, and you won't lose that on the currency."

Lira

Against the D-Mark (lire per DM)



Source: Datastream

■ Pound in New York

Apr 24	—Latest—	— Prev. close —
£ spot	1.6450	1.6230
1 mth	1.6443	1.6223
3 mth	1.6428	1.6206
1 yr	1.6363	1.6147

■ OTHER CURRENCIES

Apr 24	£	$
Czech Rp	49.5430 - 49.6223	30.4730 - 30.5030
Hungary	294.156 - 294.418	180.930 - 180.980
Iran	4880.40 - 4877.40	3000.00 - 3000.00
Kuwait	0.4941 - 0.4945	0.3039 - 0.3040
Poland	5.1156 - 5.1220	3.1465 - 3.1495
Russia	9338.60 - 9347.59	5744.00 - 5746.00
U.A.E.	5.9712 - 5.9754	3.6728 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Apr 24		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.6530	+0.0685	408 - 652	19.6972	19.5520	19.6095	2.7	19.553	2.0	-	-	103.6
Belgium	(BFr)	57.6426	+0.28	842 - 010	57.7400	57.2140	57.5176	2.6	57.2576	2.7	55.9326	3.0	103.3
Denmark	(DKr)	10.6341	+0.0445	292 - 389	10.6588	10.5821	10.6121	2.5	10.5686	2.5	10.3596	2.6	105.8
Finland	(FM)	8.3912	+0.0121	725 - 899	8.4010	8.3480	-	-	-	-	-	-	82.6
France	(FFr)	9.4222	+0.0428	178 - 265	9.4319	9.3668	9.4001	2.8	9.3564	2.8	9.1393	3.0	106.1
Germany	(DM)	2.7924	+0.0127	907 - 940	2.7990	2.7778	2.7858	2.9	2.7723	2.9	2.7055	3.1	104.9
Greece	(Dr)	443.102	+1.986	884 - 319	444.084	440.706	-	-	-	-	-	-	65.6
Ireland	(I£)	1.0488	+0.0001	481 - 494	1.0505	1.0457	1.0485	0.3	1.0478	0.5	1.041	0.7	102.0
Italy	(L)	2776.06	+11.44	480 - 735	2778.35	2758.09	2779.48	-1.5	2784.33	-1.2	2787.13	-0.4	75.8
Luxembourg	(LFr)	57.6426	+0.28	842 - 010	57.7400	57.2140	57.5176	2.6	57.2576	2.7	55.9326	3.0	103.3
Netherlands	(Fl)	3.1413	+0.0145	399 - 427	3.1517	3.1254	3.1332	3.1	3.1174	3.0	3.0419	3.2	102.9
Norway	(NKr)	11.5031	+0.0682	955 - 107	11.5187	11.4201	11.4786	2.6	11.4301	2.5	11.2046	2.6	98.3
Portugal	(Es)	280.114	+0.914	963 - 265	280.556	278.380	280.254	-0.6	280.539	-0.6	-	-	94.5
Spain	(Pta)	235.627	+1.182	513 - 740	235.850	234.010	235.761	-0.7	235.627	0.0	234.152	0.6	78.1
Sweden	(SKr)	12.4686	+0.0797	587 - 785	12.4894	12.3910	12.4496	1.8	12.4101	1.9	12.2141	2.0	84.7
Switzerland	(SFr)	2.3786	+0.0084	772 - 800	2.3876	2.3729	2.3696	4.5	2.3519	4.5	2.2677	4.7	104.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	99.6
Ecu	-	1.4337	+0.0071	328 - 346	1.4355	1.4254	1.4315	1.8	1.4268	1.9	1.4017	2.2	-
SDR†	-	1.192396	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6261	+0.003	255 - 266	1.6288	1.6162	-	-	-	-	-	-	-
Brazil	(R$)	1.7282	+0.0029	274 - 290	1.7310	1.7181	-	-	-	-	-	-	-
Canada	(C$)	2.2642	+0.0014	631 - 653	2.2684	2.2497	2.2584	3.1	2.2476	2.9	2.203	2.7	84.3
Mexico	(New Peso)	12.7649	-0.0203	528 - 769	12.8023	12.7249	-	-	-	-	-	-	-
USA	($)	1.6263	+0.003	258 - 268	1.6290	1.6164	1.6256	0.5	1.624	0.6	1.6176	0.5	105.7
Pacific/Middle East/Africa													
Australia	(A$)	2.0967	+0.0074	954 - 980	2.1015	2.0819	2.0966	0.1	2.0958	0.2	2.0917	0.2	98.1
Hong Kong	(HK$)	12.5998	+0.0229	951 - 044	12.6199	12.5231	12.5952	0.4	12.5842	0.5	12.5441	0.4	-
India	(Rs)	58.1321	+0.1234	736 - 906	58.2090	57.7900	-	-	-	-	-	-	-
Israel	(Shk)	5.5299	+0.0168	217 - 381	5.5381	5.5004	-	-	-	-	-	-	-
Japan	(Y)	205.101	+0.378	965 - 237	205.710	203.990	204.131	5.7	202.271	5.5	193.661	5.6	120.5
Malaysia	(M$)	4.0750	+0.0208	731 - 768	4.0790	4.0462	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3497	+0.0081	481 - 512	2.3544	2.3370	2.3528	-1.5	2.3577	-1.4	2.3779	-1.2	116.3
Philippines	(Peso)	42.8656	+0.0872	398 - 313	42.9513	42.8398	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0996	+0.0114	976 - 016	6.1071	6.0625	-	-	-	-	-	-	-
Singapore	(S$)	2.3486	+0.0037	472 - 499	2.3521	2.3354	-	-	-	-	-	-	-
South Africa	(R)	7.2265	+0.0094	218 - 311	7.2450	7.1902	-	-	-	-	-	-	-
South Korea	(Won)	1452.29	+3.49	859 - 599	1455.99	1443.45	-	-	-	-	-	-	-
Taiwan	(T$)	44.9673	+0.1155	209 - 136	45.0174	44.6821	-	-	-	-	-	-	-
Thailand	(Bt)	42.4058	+0.1026	846 - 269	42.4760	42.0880	-	-	-	-	-	-	-

† Rates for Apr 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the Internet at http//www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.0846	+0.0328	807 - 883	12.1110	12.0350	12.0698	1.5	12.0245	2.0	11.8295	2.1	103.4
Belgium	(BFr)	35.4440	+0.107	190 - 690	35.4970	35.2950	35.384	2.0	35.2565	2.1	34.7165	2.1	103.4
Denmark	(DKr)	6.5388	+0.0159	378 - 398	6.5547	6.5179	6.5299	1.6	6.5115	1.7	6.4298	1.7	105.3
Finland	(FM)	5.1536	-0.002	498 - 573	5.1727	5.1496	5.1448	2.0	5.1261	2.1	5.0436	2.1	82.1
France	(FFr)	5.7936	+0.0156	927 - 945	5.8002	5.7710	5.7829	2.2	5.7619	2.2	5.6536	2.4	105.9
Germany	(DM)	1.7170	+0.0046	165 - 175	1.7210	1.7108	1.7138	2.2	1.7073	2.3	1.6735	2.5	104.7
Greece	(Dr)	272.460	+0.72	410 - 510	273.120	271.360	274.015	-6.8	276.585	-6.1	287.61	-5.6	65.6
Ireland	(I£)	1.5507	+0.0027	502 - 512	1.5545	1.5405	1.5502	0.3	1.5497	0.3	1.551	0.0	-
Italy	(L)	1706.98	+3.89	673 - 725	1711.02	1702.19	1709.99	-2.1	1714.84	-1.8	1724.64	-1.0	75.5
Luxembourg	(LFr)	35.4440	+0.107	190 - 690	35.4970	35.2950	35.384	2.0	35.2565	2.1	34.7165	2.1	103.4
Netherlands	(Fl)	1.9316	+0.0054	313 - 318	1.9403	1.9237	1.9278	2.4	1.9198	2.4	1.8842	2.5	102.9
Norway	(NKr)	7.0732	+0.029	707 - 757	7.0939	7.0481	7.0694	0.6	7.0638	0.5	7.0382	0.5	98.6
Portugal	(Es)	172.240	+0.245	200 - 280	172.500	171.710	172.37	-0.9	172.52	-0.7	172.255	0.0	95.0
Spain	(Pta)	144.885	+0.46	860 - 910	145.000	144.280	144.975	-0.7	145.095	-0.6	144.89	0.0	77.9
Sweden	(SKr)	7.6669	+0.0349	631 - 706	7.6770	7.6493	7.6641	0.4	7.6543	0.7	7.6069	0.8	84.7
Switzerland	(SFr)	1.4626	+0.0013	622 - 630	1.4695	1.4610	1.4578	3.9	1.4484	3.9	1.4028	4.1	103.7
UK	(£)	1.6263	+0.003	258 - 268	1.6290	1.6164	1.6256	0.5	1.624	0.6	1.6175	0.5	99.0
Ecu	-	1.1344	-0.0035	340 - 347	1.1385	1.1325	1.1356	-1.2	1.1381	-1.3	1.1534	-1.7	-
SDR†	-	0.72983	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0627	-0.0002	625 - 628	1.0628	1.0625	-	-	-	-	-	-	-
Canada	(C$)	1.3923	-0.0017	920 - 925	1.3935	1.3911	1.3885	2.5	1.3842	2.3	1.3628	2.1	84.2
Mexico	(New Peso)	7.8490	-0.027	440 - 540	7.8540	7.8440	7.967	-18.0	8.2335	-19.6	9.094	-15.9	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.4
Pacific/Middle East/Africa													
Australia	(A$)	1.2892	+0.0021	888 - 897	1.2897	1.2888	1.2899	-0.7	1.2907	-0.5	1.296	-0.5	100.2
Hong Kong	(HK$)	7.7475	-0.0002	470 - 480	7.7480	7.7470	7.7474	0.0	7.7479	0.0	7.759	-0.1	-
India	(Rs)	35.7450	+0.01	200 - 700	35.7700	35.7200	35.96	-7.2	36.42	-7.6	-	-	-
Israel	(Shk)	3.4003	+0.0041	963 - 043	3.4090	3.3963	-	-	-	-	-	-	-
Japan	(Y)	126.115	-	070 - 160	126.380	126.040	125.58	5.1	124.555	4.9	119.755	5.0	121.4
Malaysia	(M$)	2.5057	+0.0062	053 - 060	2.5085	2.4980	2.5086	-1.4	2.5139	-1.3	2.5352	-1.2	-
New Zealand	(NZ$)	1.4448	+0.0023	443 - 453	1.4458	1.4443	1.4471	-1.9	1.4514	-1.8	1.4721	-1.9	-
Philippines	(Peso)	26.3700	+0.005	500 - 900	26.3900	26.3500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	+0.0001	505 - 507	3.7507	3.7505	3.7508	-0.1	3.7513	-0.1	3.7532	-0.1	-
Singapore	(S$)	1.4441	-0.0004	437 - 445	1.4448	1.4428	1.4419	1.8	1.4373	1.9	1.4161	1.9	-
South Africa	(R)	4.4435	-0.0024	420 - 450	4.4580	4.4420	4.4842	-11.0	4.5592	-10.4	4.874	-9.7	-
South Korea	(Won)	893.000	+0.5	000 - 000	895.000	891.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.6500	+0.02	300 - 700	27.6700	27.6300	27.6501	0.0	27.6503	0.0	-	-	-
Thailand	(Bt)	26.0750	+0.015	700 - 800	26.0860	25.9800	26.165	-4.1	26.3325	-4.0	26.97	-3.4	-

† SDR rate per $ for Apr 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 23: Base average 1990=100.
The exchange rates printed in this table are also available on the Internet at http//www.FT.com

WORLD INTEREST RATES

MONEY RATES

April 24	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3⅜	3⅜	3⅝	3⅞	6.00	2.50	-
France	3⅛	3¼	3⅜	3⅜	3⅝	3.10	-	4.75
Germany	3¼	3¼	3⅜	3⅜	3⅜	4.50	2.50	3.00
Ireland	5¾	5¾	5¾	5⅞	5⅞	-	-	6.25
Italy	7⅛	6⅞	6⅞	6⅞	6⅞	8.25	6.75	7.34
Netherlands	3¼	3⅛	3⅛	3⅛	3⅜	-	3.00	3.30
Switzerland	1¼	1⅝	1⅝	1⅝	1⅞	-	1.00	-
US	5¼	5⅝	5⅞	5⅞	6⅜	-	5.00	-
Japan	⅛	½	½	⅝	⅞	-	0.50	-
■ S LIBOR FT London								
Interbank Fixing	-	5⅝	5⅞	6	6⅜	-	-	-
US Dollar CDs	-	5.50	5.65	5.80	6.13	-	-	-
ECU Linked Ds	-	4⅜	4⅜	4⅜	4⅛	-	-	-
SDR Linked Ds	-	3⅛	3⅜	3⅜	3⅝	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 24	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅜ - 3¼	3⅛ - 3⅛	3¼ - 3⅛	3⅜ - 3¼	3⅜ - 3⅜	3⅝ - 3⅜
Danish Krone	3¾ - 3⅝	3⅞ - 3⅝	3⅝ - 3½	3⅝ - 3½	3⅞ - 3¾	4⅛ - 3⅞
German Mark	3⅜ - 3⅛	3¼ - 3⅛	3⅜ - 2⅞	3⅜ - 3⅛	3⅜ - 3¼	3⅝ - 3½
Dutch Guilder	3¼ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3⅜
French Franc	3¼ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3⅜ - 3⅜	3⅝ - 3⅜	3⅝ - 3⅝
Portuguese Esc.	5⅞ - 5⅝	6⅛ - 6⅛	5⅞ - 5⅞	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5⅝
Spanish Peseta	5⅝ - 5⅜	5½ - 5⅜	5½ - 5⅜	5⅝ - 5⅜	5⅝ - 5½	5⅞ - 5⅝
Sterling	6⅛ - 5⅞	6⅜ - 6⅛	6⅜ - 6¼	6⅝ - 6⅜	6⅞ - 6⅝	7 - 6¾
Swiss Franc	1½ - 1⅛	1¾ - 1⅝	1¾ - 1½	1⅞ - 1⅝	1⅞ - 1¾	2⅛ - 1⅞
Canadian Dollar	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3	3⅜ - 3¼	3⅝ - 3½	4¼ - 4
US Dollar	5½ - 5⅜	5⅝ - 5⅝	5⅝ - 5⅝	5⅞ - 5⅝	6 - 5⅞	6⅜ - 6¼
Italian Lira	7⅜ - 6¾	7⅛ - 6⅞	7⅛ - 6⅞	6⅞ - 6⅞	6⅞ - 6⅞	6⅞ - 6⅞
Japanese Yen	⅝ - ½	½ - ½	½ - ½	½ - ½	⅝ - ½	⅝ - ½
Asian $Sing	3⅜ - 3¼	3½ - 3⅜	3½ - 3⅜	3½ - 3⅜	3⅝ - 3⅜	3⅝ - 3⅜

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF)Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.38	96.34	-0.04	96.44	96.34	51,970	70,337
Sep	96.41	96.38	-0.04	96.46	96.38	22,354	54,900
Dec	96.41	96.38	-0.03	96.45	96.38	7,544	33,163

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.75	96.75	-	96.76	96.75	19459	234148
Sep	96.70	96.70	-	96.72	96.70	20004	198669
Dec	96.56	96.56	-	96.59	96.56	17995	216818
Mar	96.41	96.41	-	96.44	96.40	20575	184285

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
May	96.79	96.79	+0.01	96.79	96.79	100	4457
Jun	-	96.78	-	-	-	0	725
Jul	-	96.77	-	-	-	0	250
Aug	-	96.77	-	-	-	0	5

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.18	93.11	-0.07	93.21	93.10	23861	126268
Sep	93.42	93.38	-0.06	93.50	93.37	16473	78553
Dec	93.52	93.49	-0.06	93.62	93.48	7594	51190
Mar	93.56	93.50	-0.04	93.62	93.50	3651	32180

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.12	98.14	+0.04	98.16	98.11	14082	55415
Sep	98.06	98.08	+0.04	98.10	98.06	15271	33022
Dec	97.90	97.94	+0.06	97.97	97.90	4887	21729
Mar	97.81	97.82	+0.06	97.85	97.81	4111	8164

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	99.33	-0.02	-	-	0	n/a
Sep	-	99.20	-0.03	-	-	0	n/a
Dec	98.99	99.01	-0.04	99.02	98.99	2	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.79	95.75	-0.02	95.81	95.74	2322	8800
Sep	95.79	95.74	-0.03	95.81	95.74	1112	4922
Dec	95.70	95.65	-0.03	95.72	95.65	427	5631
Mar	95.62	95.55	-0.04	95.63	95.55	336	3850

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9300	0.24	0.56	0.73	0.13	0.18	0.24
9325	0.11	0.39	0.56	0.25	0.26	0.32
9350	0.04	0.26	0.41	0.43	0.38	0.42

Est. vol. total, Calls 3577 Puts 3316. Previous day's open int., Calls 148729 Puts 67869

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.44	16.35	4.844	1.820	4816	5.449	19.95	485.9	408.7	21.63	4.126	1.735	3.928	2.821	355.8	2.486
Denmark	(DKr)	54.22	10	8.864	2.627	0.987	2611	2.955	10.82	263.5	221.6	11.73	2.237	0.941	2.130	1.530	192.9	1.348
France	(FFr)	61.18	11.28	10	2.963	1.113	2946	3.334	12.21	297.3	250.1	13.23	2.524	1.061	2.403	1.726	217.7	1.521
Germany	(DM)	20.64	3.807	3.375	1	0.376	994.3	1.125	4.119	100.3	84.38	4.466	0.852	0.358	0.811	0.582	73.46	0.513
Ireland	(I£)	54.95	10.13	8.982	2.662	1	2646	2.994	10.96	267.0	224.6	11.89	2.267	0.953	2.158	1.550	195.5	1.366
Italy	(L)	2.076	0.383	0.339	0.101	0.038	100.	0.113	0.414	10.09	8.487	0.449	0.086	0.036	0.082	0.059	7.388	0.052
Netherlands	(Fl)	18.35	3.384	3.000	0.889	0.334	883.8	1	3.661	89.18	75.01	3.970	0.757	0.318	0.721	0.518	65.30	0.456
Norway	(NKr)	50.12	9.243	8.193	2.428	0.912	2414	2.731	10	243.6	204.9	10.84	2.068	0.870	1.969	1.414	178.3	1.246
Portugal	(Es)	20.58	3.795	3.364	0.997	0.375	991.1	1.121	4.106	100.	84.11	4.452	0.849	0.357	0.808	0.581	73.22	0.512
Spain	(Pta)	24.47	4.512	3.999	1.185	0.445	1178	1.333	4.881	118.9	100.	5.293	1.009	0.424	0.961	0.690	87.05	0.608
Sweden	(SKr)	46.22	8.524	7.556	2.239	0.841	2226	2.519	9.222	224.6	188.9	10	1.907	0.802	1.816	1.304	164.5	1.149
Switzerland	(SFr)	24.24	4.470	3.962	1.174	0.441	1167	1.321	4.836	117.8	99.07	5.244	1	0.421	0.952	0.684	86.25	0.603
UK	(£)	57.64	10.63	9.422	2.792	1.049	2776	3.141	11.50	280.1	235.6	12.47	2.378	1	2.264	1.626	205.1	1.433
Canada	(C$)	25.46	4.695	4.162	1.233	0.463	1226	1.387	5.080	123.7	104.1	5.508	1.050	0.442	1	0.718	90.59	0.633
US	($)	35.45	6.538	5.795	1.717	0.645	1707	1.932	7.073	172.3	144.9	7.669	1.462	0.615	1.392	1	126.1	0.881
Japan	(Y)	28.10	5.183	4.594	1.361	0.511	1353	1.531	5.607	136.6	114.9	6.080	1.159	0.488	1.104	0.793	100.	0.699
Ecu		40.22	7.418	6.575	1.948	0.732	1937	2.192	8.025	195.5	164.4	8.702	1.659	0.698	1.580	1.135	143.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5861	0.5837	-0.0026	0.5866	0.5832	16,911	79,266
Sep	0.5880	0.5878	-0.0025	0.5880	0.5874	94	3,159
Dec	-	0.5922	-0.0024	-	0.5922	14	319

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6877	0.6864	-0.0014	0.6882	0.6842	16,322	45,055
Sep	-	0.6925	-0.0022	-	0.6919	67	2,123
Dec	0.6990	0.6990	-0.0031	0.6990	0.6986	2	383

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7994	0.7986	-0.0007	0.7995	0.7971	9,937	83,116
Sep	0.8093	0.8097	-0.0006	0.8097	0.8093	239	1,394
Dec	-	0.8218	-	-	-	6	620

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6212	1.6244	+0.0030	1.6280	1.6158	17,657	39,152
Sep	1.6150	1.6200	+0.0010	1.6210	1.6150	21	878
Dec	-	1.6180	+0.0014	1.6180	1.6160	2	101

UK INTEREST RATES

LONDON MONEY RATES

Apr 24	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5¼	6⅛ - 5⅞	6⅜ - 6⅛	6½ - 6⅜	6⅞ - 6⅝	7⅛ - 6⅞
Sterling CDs	-	-	6⅛ - 6	6⅜ - 6⅜	6⅝ - 6⅝	6⅞ - 6⅞
Treasury Bills	-	-	6⅛ - 5⅞	6⅜ - 6⅜	-	-
Bank Bills	-	-	6⅛ - 5⅞	6⅜ - 6⅜	6⅜ - 6⅝	-
Local authority deps.	6 - 5⅞	6 - 5⅞	6⅛ - 6	6⅜ - 6⅜	6⅝ - 6⅝	6⅞ - 6⅞
Discount Market deps	6 - 5⅞	6 - 5⅞	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Apr 18, 6.0629pc. ECGD fixed rate Stg. Export Finance. Make up day Mar 27, 1997. Agreed rate for period Apr 22, 1997 to May 26, 1997, Scheme III 7.53pc. Reference rate for period Mar 1, 1997 to Mar 27, 1997, Schemes IV & V 6.262pc. Finance House Base Rate 6½pc from Apr 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.39	93.36	-0.02	93.39	93.35	12496	114037
Sep	93.11	93.09	-0.02	93.13	93.07	11422	92760
Dec	92.85	92.85	-0.01	92.89	92.82	8568	79058
Mar	92.71	92.68	-0.01	92.71	92.66	4282	50571
Jun	92.58	92.55	-0.02	92.58	92.56	1297	40270

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9325	0.17	0.11	0.11	0.06	0.27	0.51
9350	0.04	0.04	0.05	0.18	0.45	0.70
9375	0	0.01	0.02	0.39	0.67	0.92

Est. vol. total, Calls 3085 Puts 1505. Previous day's open int., Calls 170950 Puts 165152

EMS EUROPEAN CURRENCY UNIT RATES

Apr 24	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Portugal	197.398	196.335	-0.27	-0.54	2.74	4
Ireland	0.798709	0.736042	+0.000233	-7.85	10.89	53
Finland	5.85424	5.87433	-0.02474	0.34	1.84	-2
Spain	163.826	165.010	-0.198	0.72	1.45	-5
Netherlands	2.16979	2.20313	+0.00077	1.54	0.64	-11
Denmark	7.34555	7.45995	-0.00097	1.56	0.62	-11
Germany	1.92573	1.95845	+0.00028	1.70	0.48	-17
Belgium	39.7191	40.4067	+0.007	1.73	0.45	-13
Austria	13.5485	13.7842	+0.0022	1.74	0.44	-13
Italy	1906.48	1943.38	-7.13	1.94	0.25	-14
France	6.45863	6.59993	-0.0044	2.19	0.00	-18
NON ERM MEMBERS						
Greece	295.269	310.849	-0.014	5.28	-2.93	-
UK	0.793103	0.702107	+0.002148	-11.47	15.43	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.620	1.11	1.66	2.14	0.91	1.58	2.18
1.630	0.76	1.19	1.69	1.47	2.14	2.59
1.640	0.36	0.90	1.31	2.16	2.72	3.20

Previous day's vol., Calls 6,400 Puts 955. Prev. day's open int., Calls 32,269 Puts 32,074

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
0.580	0.79	1.09	1.33	0.30	0.48	0.62
0.585	0.50	0.80	1.04	0.50	0.70	0.84
0.590	0.30	0.57	0.80	0.78	0.98	1.09

Previous day's vol., Calls 40 Puts 1,217. Prev. day's open int., Calls 24,408 Puts 38,957

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.01	94.00	-0.01	94.01	94.00	51,347	481,153
Sep	93.74	93.73	-	93.74	93.72	55,511	414,892
Dec	93.46	93.45	-0.01	93.47	93.44	80,933	304,535

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.57	94.57	-0.01	94.57	94.57	43	6,730
Sep	-	94.31	-	-	-	21	3,707
Dec	-	94.50	-	-	-	-	-

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9675	0.03	0.04	0.05	0.06	0.03	0.04	0.10	0.11
9700	0	0	0.01	0.02	0.25	0.25	0.31	0.32
9725	0	0	0	0	0.50	0.50	0.55	0.55

Est. vol. total, Calls 4869 Puts 6530. Previous day's open int., Calls 472711 Puts 289057

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9825	0.05	0.09	0.15	0.16	0.26	0.46
9850	0.01	0.02	0.07	0.37	0.44	0.63

Est. vol. total, Calls 200 Puts 200. Previous day's open int., Calls 1150 Puts 1740

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

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- To provide a framework for sector and company recommendations
- Working with sales & trading to optimise group portfolio

The Candidate

- Educated to degree/post-graduate level in economics
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- Eastern European experience desirable
- Good communication and presentation skills with the ability to build relationships both internally and externally.

ANALYST - REGIONAL TELECOMS

The Role

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- Primary responsibility for Poland and Hungary

The Candidate

- Industry/telecoms consulting experience
- Excellent analytical and organisational skills
- Regional experience desirable
- Ability to work as a member of a team

ANALYST - POLAND

The Role

- Working with existing analysts based in Poland
- Develop joint coverage of the equity market
- Provide assistance and guidance to sector specialists based in Poland
- London or Warsaw-based

The Candidate

- Solid understanding of Poland
- Excellent analytical and writing skills, probably gained in an investment bank
- Fluent in Polish

RESEARCH EDITOR

The Role

- Format reports for publication
- Liaise with external suppliers
- Sub-edit reports for publication

The Candidate

- Good DTP skills
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Working in the UK but in close collaboration with the PW office in Frankfurt, this position promises genuine influence and room to grow for a senior German tax and finance professional with at least three years' post-qualified experience in a Banking, Legal or Accounting firm environment. Proven financial product skills, the ability to innovate and a strong blend of communication and interpersonal skills are all important, together with an understanding of:

- International tax enhanced products including hybrid instruments and entities, tax sparing, preference shares, derivatives, special purpose vehicles and repo transactions
- The German tax implications of those financial products.

An outstanding remuneration, relocation and career development package is offered to an outstanding individual.

If you feel you have the talent to make a success of this challenge and would like to find out more in complete confidence – please contact:

Peter Wilson on +44 171 939 5422, or send a detailed CV to:
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Head of Credit

Securities House

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Our client is the investment banking subsidiary of a highly successful global institution with assets in excess of US$400 billion. They provide a full range of capital market products and services to a prestigious client base worldwide, through their specialist sales, trading and corporate finance teams. Continued international expansion and a business strategy geared towards providing more complex solutions to clients has created the need to develop a leading edge credit function.

The Role

- Establishment of a new credit function and managing the department with responsibility for rigorous credit procedures and policy.
- Recommending and implementing the strategic direction and control of the credit risk portfolio including setting limits for counterparties, countries and issuers.
- In charge of Credit Committee, making appropriate decisions and recommendations to senior management ensuring continuous monitoring of counterparty risks and markets.
- Supervising and managing a team of analysts; responsibility for training and development of junior team members.

The Candidate

- Graduate calibre, preferably with a professional qualification. Minimum of seven years experience gained in a securities firm/ investment bank.
- Proven track record as a senior credit professional within a progressive institution. Experience of a start-up situation would be of particular interest.
- Thorough knowledge of capital market products and an ability to demonstrate an appreciation of complex risks and systems support.
- The seniority of the role demands confidence and maturity combined with strong communication skills.

This role represents an excellent opportunity for an individual to move into a high profile, career enhancing position with an ambitious and forward thinking securities house. An attractive salary and package will be awarded to the successful applicant, reflecting the experience and capabilities required for this challenging role.

Interested candidates should contact Simon Lewis on 0171 269 2316 for an initial discussion. Alternatively write to him, enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 0171 405 9649. Please quote reference 345663.

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An expanding financial services group (formed 1990), with growth emphasis on fund management. The Group has and is further developing a range of both onshore and offshore proven investment products.

The candidate will be located and reporting to the CEO at the group's Mayfair offices. This could be a first class opportunity for somebody special to join a growing group at an important stage of its development and become an integral part of this exciting phase.

If you have the qualifications and motivation to become part of this growing group, please write or fax, in confidence, specifying geographical region of expertise (i.e. UK, Europe-Austria and Switzerland, Far East-HK and Singapore, ME-UAE and Oman etc.) to: Fiona Bailey, 22 Park Street, London W1Y 3WD Fax: 0171 495 0435

EMERGING MARKETS SEARCH & SELECTION

Our client, a leading international company providing specialised analytical and rating services focusing on Emerging Markets' financial institutions, seeks to appoint an experienced

Bank Rating Analyst

The company has built a track record and is a leader in analysing and rating banks located in a wide range of Emerging Markets countries. In order to develop further its pre-eminent position, the company wishes to appoint an experienced bank analyst who will be responsible for a portfolio of financial institutions and will prepare written reports and rating recommendations based on qualitative and quantitative analysis.

The successful candidate will demonstrate:

- a solid credit background gained within a leading financial institution or a large international rating agency;
- first rate analytical skills plus the ability to present rating conclusions in a clear and concise manner, both in writing and verbally, to the rating committee;
- the personality to work both independently and in a small, dynamic, team-driven environment.

There will be regular contact with banks and some travel will be expected. A fluency in one or more foreign languages would be advantageous but is not a pre-requisite. Candidates would ideally have experience of Emerging Markets in the Middle East, South East Asia or Central & Eastern Europe.

In first instance please send your CV stating your present salary levels in complete confidence to: Willem Dudok de Wit at Emerging Markets Search & Selection Ltd., 12 Masons Avenue, London EC2V 5BT, U.K. Telephone: +44 171 600 4766 Fax: +44 171 600 4717 or Email: willem@emss.co.uk

RECRUITMENT

Richard Donkin on a graduate recruitment drive

Large helping of chips

As the economic cycle appears to be reaching the stage where skill shortages are building up in many industries, one sector is taking action to ensure it gets the recruits it needs.

The nine biggest employers in the UK semiconductor industry have set up the National Microelectronics Institute at Heriot Watt University in Edinburgh in order to sustain a good flow of graduates.

Clive Dyson, the institute's newly appointed chief executive, says part of the problem lies in ensuring that schoolchildren and students have the right perceptions about the industry. Many young people, he says, are tempted towards finance and the media for potential employment because of well publicised big earnings.

The semiconductor business is in danger of suffering from the traditional handicap of the sciences and engineering – lack of glamour. There is also the problem that it is requires proficiency in subjects such as maths and physics which many young people find difficult.

But if young people are looking for a career in an sector which is growing, the semiconductor industry is a good bet. Annual turnover in the UK is about $3bn (£1.8bn) and is likely to double before 2000, says Dyson.

He hopes to provide opportunities for university staff to keep in touch with the industry. Training the trainers is particularly important in the supply of graduates to fast-moving industries.

And as the pace of change speeds throughout the business world, other sectors face similar problems.

One way to improve the knowledge of college lecturers and teachers is to offer them secondments to industry during their long summer breaks.

With appropriate structures, it might be feasible to provide on-the-job training in many industries for those responsible for educating the next generation of employees. But the question remains for university and teaching staff: do they have the will to learn if the opportunity is there?

Pay awards

The table here is drawn from PE International's latest Remuneration in Europe survey which provides pay and benefits information based on the salaries of 30,300 executives working for 3,000 companies in nine countries. The information here is limited to six of the countries with the most complete data for the full range of medium-sized companies featured in the report.

According to Rosemary Hook, the research consultant who compiled the report, executives at all levels in Germany, the Netherlands and Switzerland consistently received among the lowest increases. Middle managers in Italy and Belgium received increases below their respective rates of inflation, she said.

Belgium is not in the list because of limited data in the 500 to 1,000 employee range of companies. But PE International found Belgian directors had the highest pay awards across Europe in 1996. Chief executives had pay rises averaging 18.5 per cent compared with the lowest average increases of 2.7 per cent among Swiss chief executives. The head of a Swiss company in the 100 to 250 employee range, however, still earns appreciably more than a Belgian counterpart – £166,933 on average, compared with £107,605 in the upper quartile.

A full copy of the report can be obtained from Rosemary Hook: 01784 434411.

A guide to directors' earnings

	Organisations employing 100-250 persons						Organisations employing 500-1,000 persons					
	Lower quartile		Median		Upper quartile		Lower quartile		Median		Upper quartile	
	Basic salary £	Total cash £	Basic salary £	Total cash £	Basic salary £	Total cash £	Basic salary £	Total cash £	Basic salary £	Total cash £	Basic salary £	Total cash £
Denmark M.D.	159,137	159,147	183,300	188,257	188,806	207,887	131,803	151,944	179,816	207,800	202,293	248,820
Sales head	88,447	94,443	96,878	98,000	117,339	117,330	89,917	88,447	96,337	105,080	107,777	131,563
Manufacturing	74,399	78,422	78,357	82,940	81,829	92,158	79,793	80,917	93,961	112,947	107,440	130,366
Finance head	70,802	77,433	89,666	89,668	104,856	117,555	78,332	92,499	106,853	116,961	115,981	126,321
Personnel head	–	–	–	–	–	–	–	–	74,349	83,830	–	–
Germany M.D.	128,09 4	151,107	147,199	171,515	185,871	210,161	142,423	189,752	173,252	214,503	168,476	253,148
Sales head	59,053	66,435	73,383	82,935	93,791	105,515	69,909	79,462	83,804	95,528	97,264	110,725
Manufacturing	50,803	56,448	58,498	68,001	70,777	78,593	57,751	64,698	69,909	78,593	89,449	100,304
Finance head	50,803	56,448	59,053	65,567	75,119	83,370	54,711	61,224	68,001	73,817	81,633	91,185
Personnel head	49,501	55,145	55,580	62,093	66,869	74,251	54,711	61,224	64,698	72,514	76,856	85,975
Ireland M.D.	55,133	62,370	86,526	81,208	87,949	108,789	–	–	99,500	107,280	–	–
Sales head	39,501	41,580	43,659	45,655	58,393	61,902	47,815	59,112	56,052	61,857	79,002	86,350
Manufacturing	32,824	34,044	41,980	45,364	51,729	56,765	38,009	41,207	45,738	50,418	68,995	70,366
Finance head	31,185	37,422	45,816	48,487	53,015	60,569	41,589	45,725	47,509	52,701	70,188	70,166
Personnel head	34,323	38,237	49,678	44,569	58,312	54,390	41,580	42,749	42,879	45,478	50,026	50,448
Netherlands M.D.	67,259	76,150	78,683	88,328	89,486	103,595	69,579	78,083	79,242	94,704	109,780	110,553
Sales head	37,892	40,588	45,613	49,865	54,117	59,528	51,024	54,503	59,142	61,848	64,940	79,242
Manufacturing	38,268	40,974	42,327	48,705	52,184	60,688	52,571	52,957	65,713	72,284	73,831	79,242
Finance head	43,680	43,873	48,898	51,797	62,621	66,873	55,663	65,327	66,873	71,125	71,125	80,015
Personnel head	54,503	60,302	54,890	62,234	57,982	68,032	57,982	69,579	60,302	72,284	79,629	81,175
Switzerland M.D.	94,400	120,000	106,867	132,267	128,533	166,933	101,333	131,733	127,467	164,800	170,667	242,133
Sales head	61,867	74,667	78,467	86,000	103,467	130,133	78,800	91,280	86,933	108,267	106,667	134,400
Manufacturing	56,533	61,867	72,533	78,467	94,400	107,733	75,200	98,267	88,000	109,333	108,267	135,467
Finance head	56,667	65,600	75,733	84,267	96,133	114,133	72,533	85,867	85,333	101,867	105,067	128,400
Personnel head	52,267	52,267	67,200	67,200	86,400	91,200	86,933	102,400	83,867	121,600	115,733	150,933
UK M.D	55,366	59,529	62,825	67,726	77,780	83,333	69,837	80,509	89,184	98,285	112,125	127,570
Sales head	34,250	38,156	40,250	41,291	45,353	47,925	46,635	48,920	52,635	58,305	63,958	68,047
Manufacturing	33,000	38,800	37,000	41,332	42,000	47,036	44,233	44,798	46,750	47,948	55,650	62,997
Finance head	36,750	41,504	43,370	45,000	47,375	49,762	47,533	48,000	57,845	59,486	65,000	76,400
Personnel head	–	–	37,800	47,440	–	–	42,221	43,196	49,500	53,817	61,250	67,038

Source: PE International

Credit & Risk Director

Benelux — **Excellent Package**

GE Capital Fleet Services, part of General Electric Capital, is the leading corporate fleet management company in the world with more than 850,000 cars, trucks and speciality vehicles under lease and service management. The European Headquarters is based in Brussels and serves customers with fleets of all sizes throughout Europe.

GE Capital Fleet Services has ambitious growth targets. To ensure that this growth has a firm foundation, we are now looking to recruit a Credit & Risk Director for the Benelux region, who will report to the European Director of Credit & Risk and to the General Managers of Belgium (Avis Fleet Services) and The Netherlands.

Your main responsibilities will be:

- to provide the strategic vision for Risk Management in the Benelux;
- to create and administer credit and risk policies, procedures and philosophies;
- together with the sales team, conducting client visits as appropriate and providing timely decisions on all proposed transactions;
- underwrite individual deals for the Benelux region which fall within prescribed authority levels or make recommendations to the European Director;
- to carry out annual reviews, implementing relevant actions;
- to maintain portfolio quality and management of other areas of 'operational risk';
- coaching and training of team members;
- to lead and support business expansion into other market segments;
- to lead the credit and risk part of in-country due diligences, acquisitions and new products.

The successful candidate will be a graduate with a minimum of five to seven years' credit and risk management experience within the Benelux financial services market and a proven track record in leading a credit team and in having held a sizeable underwriting authority. You should also be able to demonstrate excellent career progression within a complex and continuously changing environment. For this high profile role, strong analytical and communication skills are essential, together with leadership and entrepreneurial qualities. Good written and spoken French, Dutch and English are essential: other European languages are a plus. Career development opportunities are excellent.

If you are interested in this position, please contact Elisabeth M.M. Huigen on ++31 (0) 20 6444 655, or alternatively send or E-mail your curriculum vitae to the following address:
Robert Walters Associates, 'Rivierstaete', Amsteldijk 166, 1079 LH Amsterdam, Netherlands.
Fax ++31 (0) 206429 005.
E-mail: elisabeth.huigen@robertwalters.com

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COURTIERS EMPRUNTS D'ETAT - OPTIONS/REPOS/OBLIGATIONS

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- **COMPENSATION** will depend on ability and experience. Base London. Age 25–28.

Write in confidence enclosing a Curriculum Vitae and remuneration package, quoting reference T8313 to:

TK SELECTION
8 Hallam Street, London, W1N 6DJ Fax: 0171 631 5317
A DIVISION OF TYZACK & PARTNERS

Pan-European Equity Sales

Competitive Package — **City**

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Interested candidates should write to Annabella Humphreys at BBM Selection quoting ref. 434, enclosing a full curriculum vitae which includes contact telephone numbers. All applications will be treated in the strictest confidence.

76 Watling Street
London
EC4M 9BJ

BBM SELECTION

Tel: 0171-248 3653
Fax: 0171-248 2814
E-mail: 434@bbm.co.uk

Compliance Officer

City — **£ Excellent Package**

Our client is an international investment bank with an excellent reputation and presence in Eastern Europe. Its strength lies mainly within the equity capital markets and corporate finance advisory business and a combination of its entrepreneurial nature and financial strength has enabled it to become a key player in its field. Our client is now seeking a talented, flexible and proactive individual as its Compliance Officer.

Reporting to the Chief Executive Officer, the successful candidate will be responsible for maintaining strong relationships with the regulatory authorities, developing and implementing systems and procedures and providing expert advice and guidance in a dynamic environment. This appointment is key to the continuing success of the company and requires a positive 'hands-on' approach to the business.

Candidates must have a proven track record in compliance with a detailed knowledge of SFA regulations and, ideally, some familiarity with emerging markets. Strong communication and relationship building skills, a confident and assertive manner and the ability to think laterally are imperative.

This is an outstanding opportunity for a forward thinking individual keen to develop expertise in cross border and emerging market compliance and attracted by the ambitious expansion plans of this evolving organisation.

Interested applicants should contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 345323. Alternatively, telephone her on 0171 269 2308 for an initial discussion.

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BASED IN PARIS

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If this Paris-based position involving European travel interests you, please send your CV with a hand-written letter indicating your salary expectations to Véronique CHABANIS, FININFO, 91/93 av. François Arago, 92017 NANTERRE cedex, France or by fax to 33.1.47.29.47.60

FININFO

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Please contact Elizabeth Williamson

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0171-626 9400

Cleary Court, 21-23 St. Swithin's Lane
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Telephone
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For further details contact Edwin Lawrie
OBSB 65 London Wall, EC2M 5TU
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The J.P. Morgan Transfer Agency is responsible for ensuring that the highest possible level of service is provided to the mutual funds' customers. This encompasses monitoring transactions, controlling cash, providing statements and responding to customers' enquiries. Due to its expansion, the business is recruiting an experienced analyst whose role will be:

- to establish priorities and lead analyses of systems, processes, workflows, and information flows
- to develop and manage projects
- to provide and communicate technical and application knowledge and direction at all levels
- to monitor individual project budgets, and assist with overall operations budget

The ideal candidate will be educated to degree level and will possess the following capabilities:

- a minimum of seven years' experience in the financial services industry, to include mutual funds work
- proficient technical, analytical, and IT skills
- an understanding of cross border transfer agent operations and cost/benefit analysis
- a solid managerial background, combined with strong organisational and problem solving abilities
- European language skills (German in particular) would be advantageous
- excellent written and oral communications skills

The position offers a generous salary plus banking benefits and excellent career prospects.

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If you have the necessary prerequisites please contact Colin Gibb on 0171 379 3333 at Robert Walters Associates or send a detailed curriculum vitae stating current remuneration to 10 Bedford Street, London WC2E 9HE or fax details for his attention to 0171 915 8714 or Email: colin.gibb@robertwalters.com.

JPMorgan

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The European Patent Office is an international authority whose task is to examine and grant patents on behalf of its 18 Member States. The Austrian sub-office, responsible for promoting the use of patent information located in Vienna, is seeking a qualified person to fill the position of a

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You will support the Director Development of the Vienna sub-office in adminsitrative and organisational matters, in particular with international correspondence and coordination of day to day business.

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Nationals of the Member States of the European Patent Organisation (at present Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland, United Kingdom) may apply.

Please send your application at the latest by 12 May 1997 to: Europäisches Patentamt, A. Heigl, Personalabteilung, Postfach 82, Schottenfeldgasse 29, A-1072 Wien.

HILL INTERNATIONAL

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c £25,000 Package + Benefits

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Educated to degree level with at least a 2i, this exceptional opportunity will appeal to a qualified Economist/Statistician or Operational Researcher ideally with some asset management experience gained with a medium to large sized organisation.

If you feel you meet the requirements of this role, please send a current Curriculum Vitae with a covering letter to Glynis Appelbe, Recruitment Co-Ordinator, Dial Contracts Ltd, Dial House, Burston Road, London SW15 6SD.

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INTERNATIONAL SERVICE SECTOR GROUP

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- New senior position reporting to the Group Treasurer as part of a small, high calibre Corporate Finance and Treasury team.
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- Experience of treasury is desirable but not essential. This therefore offers a rare opportunity for a highly motivated graduate, probably with a further professional qualification (eg. ACA/MBA), to shift the direction of their career, as well as appealing to treasury professionals from a corporate background. Age indicator 28-35.
- Experience of international businesses will be essential, as will project management and exposure to transactions. Candidates direct from the accountancy profession will be considered, provided that they have been involved in client work outside of audit.
- Personal qualities will include excellent problem solving abilities, strong organisational skills, good communication and negotiating skills and the ability to take on rapidly increasing responsibilities.

Please apply in writing quoting reference 1393 with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.ghnet.co.uk/whitehead

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FINANCE DIRECTOR

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- He/she reports to the Managing Director, providing cover for him at weekly trading meetings, managing/developing a team of over 20 including the internal audit function, and undertaking objective analysis to provide practical management commentary on business performance.
- Qualified accountant, probably aged early/mid 30's, with strong technical abilities in both finance and systems, and a progressive career to date within a leading edge systems business.
- Experience of the retail sector or a similar service orientated, multi-site operation would be particularly advantageous. Personal qualities will include commitment, drive and creativity, combined with a positive attitude and first rate people management skills.
- Candidates must demonstrate the potential and enthusiasm to make a further contribution to the Group following success in this role.

GRANADA
GRANADA GROUP PLC

Please apply in writing quoting reference 1400 with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.ghnet.co.uk/whitehead

Whitehead SELECTION
A division of Whitehead Mann Ltd, a Whitehead Mann Group PLC company

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CHIEF FINANCIAL OFFICER

BRUSSELS — **SUBSTANTIAL SALARY PACKAGE**

Our client is a large multinational and market leader in its sector. The group employs over 1,500 people worldwide with a turnover of several hundred million US$. The worldwide headquarters, based in Brussels, is now looking to recruit a Chief Financial Officer.

Reporting to the President & Chief Executive Officer, your main responsibilities will include:

- worldwide responsibility for financial plans, reporting, policies and controls
- direction of the treasury, insurance, tax and audit functions
- provision of overall international advice, counsel and direction to the Board of Directors on financial consequences of plans, actions and operations
- as a member of the Management board, active participation in the tactical and strategic decisions required to meet the Company's corporate financial and non-financial goals

The ideal candidate will have a university degree in Applied Economics or the equivalent, possibly complemented by an MBA, with a minimum of 15 years' experience gained in an international environment. Fluency in English is essential, knowledge of any other European language being an asset.

In return, our client offers an interesting job opportunity with an attractive salary package in a dynamic and multinational environment.

For further information, please contact Michael Verbeek or Jean-Marc Benker on 00 32 2 511 66 88 (fax 00 32 2 511 99 69) or send them your detailed curriculum vitae at the following address: Robert Walters Associates, Avenue Louise 66 box 5, B-1050 Brussels. E-mail : bxl@robert walters.com

ROBERT WALTERS ASSOCIATES

LONDON AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

NEWLY QUALIFIED ACCOUNTANTS

Merrill Lynch London

Merrill Lynch has grown to become one of the worlds leading financial institutions with offices in over thirty countries employing nearly fifty thousand people. This has resulted in a strong foothold in today's very competitive global market.

We are currently recruiting for newly qualified accountants (any discipline) to work within various financial instruments, managing the accountancy angle of international trading books. You will also get involved with the accounting and month end procedures. Industry experience is not required.

You will consider yourself to be a 'trouble-shooter' who can handle the challenge of a constantly changing environment. Flexibility and good systems knowledge are key attributes, and Excel skills would be particularly advantageous.

The rewards, both financial and in terms of career progression are undoubtedly some of the best in the City. Along with a generous benefits package, Merrill Lynch is committed to a philosophy of investing time and money into it's employees to enable them to provide clients with the ultimate service.

Interested applicants should contact Sheridan Mather or Uzair Bawany on 0171 495 1481 at Parker Bridge Recruitment, Abbott House, 1-2 Hanover Street, London W1R 9WB. Fax number 0171 493 4563. E-Mail address: ParkerBridge@btinternet.com

All direct applications will be forwarded to Parker

PARKER BRIDGE
LONDON • JOHANNESBURG
• FINANCIAL RECRUITMENT SPECIALISTS •

Chartered Accountant

BOREHAMWOOD, HERTFORDSHIRE — SALARY C£35,000 + CAR

As one of the UK's leading photoprocessors we are seeking an ACA capable of fulfilling a mixed accounting and taxation role.

This appointment will allow you to apply your accountancy and taxation skills to add value to the commercial decision making process within a lean management structure.

You will have excellent intellectual and interpersonal skills which will enable you to interact with senior management.

Please send full CV to:
Ricky Barrow,
Financial Controller
Bonusprint Limite
Sterling Way
Borehamwood
Herts, WD6 2AZ

FINANCE & LOGISTICS MANAGER

ASIA-PACIFIC 'START-UP' OPERATION EXCELLENT EXPAT PACKAGE

Our client is a recently established Joint-Venture between two recognized Duty Free operators with an extensive history of successful international entrepreneurship. The objective is to become the leading distributor in the Asia Pacific Region, offering high quality service and buying power to associated business partners. The operations will start this summer and will have a planned staff of 35 employees within a one-year period.

We are now seeking to recruit an entrepreneurial manager, who will strengthen the management team and is responsible for all finance, logistic and IT activities (15 employees).

Reporting to the Managing Director, your main tasks will be:

- structuring and managing financial administration and reporting
- financial planning, budgeting, analysis and reporting
- improvement of business operations and procedures
- sparring partner of senior management and joint-venture partners
- coordination of purchasing, warehousing and distribution
- ad hoc projects and assignments

Successful candidates for this most challenging opportunity will have a recognized business degree, preferably complemented with a post-graduate qualification (MBA/ACA or equivalent). You will have a minimum of seven to ten years' relevant experience, ideally gained working in an international sales-driven organization in the retail or distribution industry.

You are an ambitious and result-focussed team player, capable of managing diversity in a multi-cultural environment. Furthermore, you possess a flexible and creative personality, combining a pro-active business approach with outstanding communication and social skills. International mobility is required, as is IT-proficiency and fluency in English.

If you are interested in this position, please contact Jasper J. Ligtenberg, MBA on: 00 31 20 6444 655 or alternatively send your curriculum vitae to: Robert Walters Associates, 'Rivierstaete', Amstelduk 166, 1079 LH Amsterdam. Email: jasper.ligtenberg@robertwalters.com or fax: 00 31 20 6429 005.

ROBERT WALTERS ASSOCIATES

LONDON AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

DIRECTOR - BUSINESS DEVELOPMENT

Midlands Base To £50K

Our client is a leading, independent provider of outsourced, residential nursing and specialist care for the elderly, mentally ill and those with learning disabilities. They have enjoyed substantial but controlled growth and as such have earned a reputation for both value for money and depth of care provision.

Now effecting a step-change into the next phase of their development, they seek to strengthen their senior management team. One critical part of this expansion strategy is the delivery of turnkey contracts to the NHS and Local Authorities. The main purpose of this new role is to identify, negotiate and implement these new residential developments in partnership with the Health Authorities/Trusts and Social Services departments. A secondary thrust is to identify, negotiate and facilitate referral and block contract opportunities for the company's [illegible]

[illegible] Applications are sought from resourceful enterprising candidates, aged 33-45 [illegible] dealing at Board/Director level in the NHS and in Social Services. [illegible] negotiations with [illegible] framework and legislation [illegible] direct to the Chief Executive [illegible] opportunity exists to build on [illegible] successful company and translate it [illegible] market leadership within [illegible]

Please forward your application quoting ref.no. 1293/ST to [illegible] Wheale, at Wheale Thomas Hodgins PLC Executive Resourcing, [illegible] Square, Clifton, Bristol BS8 [illegible]

WHEALE · THOMAS · HODGINS · PLC

FINANCE MANAGER-BUSINESS DEVELOPMENT

BRISTOL [illegible]

RAC

[illegible]

WHEALE · THOMAS · HODGINS · PLC

FINANCIAL CONTROLLER

c.£60,000 + Bonus + Benefits **East Anglia**

Our client is a leading financial services company writing in excess of £1 billion premiums per annum. As a market leader, it has a reputation in the use of innovative management and financial systems to provide outstanding service to match the needs of its customers. It is currently undergoing a major re-organisation to improve significantly its operational efficiency, cut costs and enhance profit margins.

THE POSITION

- Reports to Head of Finance.
- Responsible for all aspects of financial and management reporting; managing approximately 20 staff.
- Ensure strict financial disciplines are applied throughout the business.
- Work closely with business and finance managers.
- Play a significant role in improving the company's overall financial performance.

QUALIFICATIONS

- Aged 33-45. Qualified chartered accountant with excellent analytical and financial management skills.
- Knowledge of modern planning, control and budgeting techniques.
- Experience within financial services industry.
- Ability to drive change.
- Strong man-management and inter-personal skills; a team builder with high energy and drive.

Candidates should send details of career to date and current remuneration, quoting Ref 416 to The Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB. Tel: 0171 630 9255. Fax: 0171 233 7915

WHITNEY SELECTION

Group Financial Accountant

To £40,000 **South Buckinghamshire**

High profile opportunity for ambitious recently qualified Chartered Accountant, in worldwide headquarters of acquisitive plc, to manage group financial reporting and undertake business analysis and commercial projects.

THE COMPANY

- Highly profitable manufacturing group. Superb record of organic and acquisitive growth worldwide. Twenty five subsidiary companies.
- Recognised international market leader in all its chosen sectors. Successful record of diversification into new markets.
- Established reputation for product excellence and innovation. Prestigious customer base. Committed to expansion.

THE POSITION

- Responsibility for production of consolidated financial and management accounts for rapidly growing multinational conglomerate. Number two to the Group Financial Controller.
- Drive improvement in quality and timeliness of financial information by championing development in IT application and submission of results from subsidiaries.
- Analyse and provide commentary on subsidiary performance. Undertake project assignments including investment appraisal, pre and post acquisition evaluation.

QUALIFICATIONS

- Graduate, "top 10" trained, qualified Chartered Accountant with two to five years' post qualification experience gained in practice or industry, including experience of multicurrency accounting.
- Demonstrable experience of driving improvement in financial and management reporting processes and key performance indicators. Strong knowledge of financial software advantageous.
- Technically excellent with commercial vision and process orientation. Strong communication and influencing skills with an assertive but diplomatic, demonstrating maturity and credibility.

Please send full cv, stating salary, ref LG70410, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 409 1786 Tel 0171 493 6392

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GLYNDEBOURNE

Director of Finance and Resources

Attractive Package **East Sussex**

Exceptional opportunity for an outstanding and enthusiastic finance professional in a pivotal and broad role within this leading opera company and related interests.

THE ORGANISATION

- Producers of world-renowned summer opera season, annual tour and related educational and community projects - registered charity.
- £12.5m opera turnover. 60 permanent staff rising to more than 500 during the season.
- Private interests of the Christie family.

THE POSITION

- Direct and manage financial, company secretarial, IT and administrative functions, delivering consistent high-quality service to the business.
- Determine financial strategy and targets. Broad commercial involvement and accountabilities with key role in pricing strategy, sponsor liaison and media/TV contracts.
- Responsibility for administration of diversified Glyndebourne and Devon estates/investments and directing management teams in respect of Christie family interests.

QUALIFICATIONS

- Qualified Accountant with significant strategic level experience gained in dynamic customer-centred operation.
- Strong commercial focus, hands-on approach with planning and organisational skills to manage and motivate diverse team. Appreciation of the arts.
- Respected professional, able to communicate at all levels and committed to developing staff.

Please send full cv, stating salary, ref LG704A1, to NBS, 54 Jermyn Street, London SW1Y 6LX
Fax 0171 409 1786 Tel 0171 493 6392

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REVLON

Finance Manager – Europe

Central London **£ Excellent + Car + Bonus**

Revlon, a $2.1 billion multinational corporation, revolutionised the cosmetics industry to what we know it today. With products sold in over 175 countries, it is one of the most recognised brand names in the world and is firmly committed to a strategy of future growth.

The dynamic changes across the group have created a rare and exciting opportunity for a high calibre Finance Manager who has the confidence and desire to challenge existing practices and drive further enhancements within Europe. Working closely with the CFO – Europe, this role will, for the right individual, challenge and utilise their full range of abilities. In what is anticipated to be a highly analytical/project based role, key responsibilities will include:

- Undertaking a wide range of financial and structural projects in local markets.
- Management of monthly and annual consolidation process.
- Key intermediary in the management and provision of analytical information between the US and eight European local markets.
- Identification and investigation of significant operating variances and providing proposals for corrective action.
- Close liaison with European and US financial management on issues such as accounting, treasury, tax and legal matters.

Candidates will be qualified accountants, with a minimum of three years PQE and experience of managing consolidation accounting systems, ideally Hyperion or Microcontrol. Exposure to working in a head office environment for a US/European multinational organisation in a consumer product industry will be of particular interest. In-depth experience of Excel/Word is essential.

To succeed in this demanding role, you will be a self-starter, with excellent interpersonal skills, demonstrating high levels of drive and initiative. Credibility and a good sense of humour are also prerequisites.

If you have a proven track record and are capable of making an immediate impact within an increasingly demanding environment, then apply in writing to Jazz Dhanda at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 344230.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Controller

Specialist Manufacturing Company

Surrey – c. £45,000 + bonus + car + other benefits

Our client manufactures high value machinery for the graphic arts industry, whose products are recognised as being at the forefront of technology. Part of a large US based organisation our client has a turnover in excess of £5m. A significant proportion of the company's sales is achieved in the export market, particularly in United States, Europe and Asia Pacific.

Key to the company's future development is the recruitment of a commercially minded Financial Controller. Reporting to the Managing Director you will be responsible for all aspects of finance and administration as well as actively participating in strategic and business management of the company. A key requirement of the role is to re-engineer financial and accounting processes and controls, so as to provide relevant and timely management information to the executive team.

Suitable candidates will be qualified accountants with at least five years post qualification experience in manufacturing, preferably a high value, small batch environment. Additionally, a high level of business and commercial acumen with a proven track record of implementing sound cost and financial management systems will be necessary. A determined and enthusiastic individual, you will have excellent communication skills and be strongly team oriented.

This is a tremendous opportunity to make an immediate impact on the business and to utilise and develop your commercial management skills.

To be considered for this position please send your curriculum vitae with current salary details and an explanation on how your experience meets the above criteria to Paul Modley, Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference PM0118. Fax 0171 931 1022 or e-mail: pmodley@cc.ernsty.co.uk

ERNST & YOUNG

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CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

ASSOCIATE DIRECTOR - TRANSACTION & RISK MANAGEMENT

INSTITUTIONAL PRIVATE EQUITY

LONDON **£60,000-£90,000 + BENEFITS**

PRIVATE EQUITY BUSINESS OF ONE OF THE LARGEST AND MOST DIVERSIFIED FINANCIAL SERVICES COMPANIES

Due to the rapid expansion of our client's volume of business we invite applications from candidates who have significant risk management or transaction experience of complex equity, equity-related or project financings with financial services businesses. As part of an exceptionally able team you will work at the forefront of the transaction process with the originators, and will be responsible for the analysis, structuring, review of the financial modelling, negotiation, documentation, closing, portfolio management and ultimately exit. You are likely to have a post-graduate degree in finance or a related discipline and a second European language is highly desirable. There will be frequent European travel. You need to be highly energetic, have boundless self-confidence, keen to embrace change and "do deals", take great responsibility and be able to justify the decisions you take. Attractive package including car or car allowance, contributory pension, medical scheme, large company benefits and excellent international career development opportunities. **Applications in strict confidence, under reference RM6154FT to the Managing Director, CJA.**

Croydon **£60,000 + Car + Bonus**

Surridge Dawson Ltd is the third largest distributor of newspapers, magazines and periodicals to retail outlets across the UK. With a turnover of £300m p.a., it is a key part of Dawson Holdings plc and is a major contributor to group profit. Due to internal promotion a finance director is sought who will play a key role in helping to build the business and grow profits as part of a focused board.

Reporting to the Managing Director the challenge will be to become a key contributor to commercial operations whilst delivering high standards of management reporting and control. The business operates in a high-volume, low-margin market and success depends on service, maintaining an edge via investment in systems and controls, and in maximising the potential of working capital.

Aged 35-45, applicants must be qualified accountants, of graduate calibre, with a "hands-on" style and strong management abilities. A background which includes retail experience or a high-volume distribution related business is seen as highly desirable. Above all, applicants should have real commercial talent, large scale systems specification and implementation experience, and strong financial management and reporting skills.

Prospects are excellent and the comprehensive remuneration package will include a performance related incentive scheme. Interested applicants should send a full c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference 3123 at Deloitte & Touche Management Advisory Services, Colmore Gate, 2 Colmore Row, Birmingham B2 2BN. Tel: 0121-200 2211.

Deloitte & Touche

MANAGEMENT ADVISORY SERVICES

Financial Controller

Exciting growth opportunity in the City

City **c.£60,000 + Bonus + Benefits**

Our client is the subsidiary of a major Italian investment firm, itself part of a substantial banking group, with a market leading presence in fixed income products and derivatives and a range of other financial services activities. The company has ambitious international growth plans and is now establishing a London operation to encompass futures and options broking, bond sales and various treasury/money market activities.

A Financial Controller is sought to establish an effective financial infrastructure, reporting to the Deputy General Manager. The appointee will hold responsibility for the following areas:

- all financial and management accounting activities, including regular liaison with the parent company;
- management control across all cost centres and compliance of financial data with SFA and statutory rules;
- broad office management responsibility and development of a small team of professional financial staff.

Candidates are likely to be aged in their late twenties to late thirties with a minimum of three years' relevant experience within a London based financial institution. They must demonstrate a thorough knowledge of the UK regulatory environment, ideally combined with previous experience of foreign parent company reporting. A knowledge of Italian, or the willingness to undertake an intensive Italian language course, is an essential requirement. Candidates will be self-starters with evident management ability and a practical, hands-on approach.

This is a key role within this exciting new operation. The remuneration package will be commensurate with the importance of this role, including substantial bonus potential.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 692J on both letter and envelope, and including details of current remuneration.

GKRS

SEARCH & SELECTION
86 JERMYN STREET, LONDON SW1Y 6JB. TEL: 0171 468 3800
A GKR Group Company

Newly and Recently-Qualified ACAs Do you have CFO or CEO potential?

Exceptional Leadership Development Programme

For ambitious ACAs, GE offers challenge, exhilaration and opportunity on an accelerated management programme unlike anything else in the business world today.

World leader in terms of market capitalisation and one of the most profitable businesses in the US, GE aims to be first in each of its core markets – from financial services to lightbulbs, aircraft engines to network broadcasting. One of Europe's fastest-growing giants – GE Capital alone has acquired one European business every fortnight for the last two years – GE's global performance is consistently ground-breaking. This rapid growth fuels a demand for exceptional finance professionals, with the will and the talent to build on their training and develop the business experience necessary to move rapidly into a CFO or CEO role anywhere in the world.

GE's multi-disciplinary, multi-cultural Audit Staff is the premier training ground for these business leaders. Offering a chance to touch all 12 core businesses, it leverages existing experience and provides the fastest career path to management within GE's $70 billion global corporation. Radically different from audit in the profession, the brief is wide-ranging: anything that has an impact on performance is analysed and challenged, developing and implementing plans for far-reaching change.

The pace is fast: individuals undertake three assignments a year in different businesses at varied locations worldwide. Carrying out proactive reviews and investigations, the team looks at critical business processes, spreading best practices, questioning the status quo and driving improvements in speed, quality and productivity. Challenging and diverse in its work, the team's aim is to make GE's businesses not a little better but dramatically better. The travel is demanding – you will be away on assignment or training 100% of the time – but the fly-home policy and benefits are generous and flexible.

From day one, the learning curve is steep. A constant review programme which continues throughout your career ensures that training and assignments are tailored to your needs. Around six weeks in the first year alone are devoted to formal training. Some of the best minds from within GE lead courses ranging from presentation and management skills through to business-related training covering facilitative leadership and business process re-engineering.

The learning opportunity is so enormous and the breadth of experience so wide that you will make rapid progress. Associates are typically promoted after a year and become Managers after two. Three years in the team prepares you for a leadership role anywhere in the world.

The qualifications are simple: an excellent academic record, newly or recently-qualified ACA or European equivalent, Big Six trained with first-time passes.

As interview sessions take place throughout the year, we would also be keen to hear from exceptional candidates still under training contract. Most important is a real desire to make an impact, maximise your potential and ultimately to lead others. You will need enormous energy, relish change and have a passion for excellence. You must also have strong analytical skills and a truly international mindset, with the ability to drive quality and change in a company that detests red-tape and bureaucracy.

If you would like to take up the challenge, please send a copy of your CV and current salary details quoting ref. 209, to Alderwick Consulting Ltd, 95 [illegible] Lane, London EC4A 1EP. Fax (+44) 171 [illegible] 3560. If you are undecided or would like more [illegible] telephone [illegible] informal discussion [illegible] (weekdays) or (+44) 1[illegible] (evenings and weekends) [illegible]

GE is an equal opportunity employer
**Not connected with [illegible] company of similar name.*

USA* **GE**

Finance Director Designate

Substantial package including options **Peterborough**

Highly commercial and entrepreneurial brief with defined progression to the Board. A unique opportunity to contribute significantly to a phenomenal business success story.

Recently floated on the London Stock Exchange, United Overseas Group plc is a c.£80m turnover company that purchases substantial quantities of quality branded products for distribution through an extensive network of major retail outlets in the UK and 67 countries worldwide. They are the largest specialist distributor in Europe of excess inventory of branded toiletries, cosmetics and toys and games. They also distribute household goods, sports goods and confectionery and beverages.

Reporting to the Chief Executive, your key tasks will include:

- Providing effective financial management, control and reporting across all the company's operations, including its overseas subsidiaries in the United States, the Republic of Ireland, Sweden and Canada.
- Enhancing and developing financial systems and ensuring the management team have the relevant information on which to base key business decisions.
- Contributing to the overall management and direction of the business, participating fully in strategic discussions and acquisition reviews, evaluating and negotiating deals.
- Responsibility for cash and treasury management and playing a key role in the maintenance of critical business relationships including shareholders, institutions and providers of finance.

A commercially astute ACA with management reporting, acquisition, treasury and IT experience you must be comfortable operating within a fast-moving, deal-making environment which requires a flexible and highly entrepreneurial approach.

Essential personal qualities will include energy, enthusiasm and a hands-on, can do mentality and approach together with sharp intellect and astute commercial judgment.

This is a critical appointment which will appeal to candidates who have the discipline and track record gained through formative years in a structured business, who are now looking for something different.

Applicants should write in confidence, with full career details, including salary and quoting reference MD5360, to our advising consultant, David Lloyd, Macmillan Davies Hodes, Salisbury House, Bluecoats, Hertford SG14 1PU. Tel: 01992 552552. Fax: 01992 509908.

United Overseas Group plc

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c. £60,000 **London/New York**
Equity

FINANCE DIRECTOR

International Business Communication Services

This is a unique opportunity to take a pivotal role at the heart of this high growth entrepreneurial company operating in the rapidly expanding business communications sector with a strong existing blue-chip client-base and aggressive long-term growth objectives.

THE ROLE

* Reporting to the Chief Executive, and operating as key member of a close-knit collegiate board you will be responsible for ensuring financial control, and will play a major role in strategy formulation

* You will drive business performance improvement through the provision of enhanced management information, functional leadership of the Accounting and Commercial teams and financial control of the Business Units.

* You will be responsible for identifying finance requirements & securing funding for major business development opportunities by extending existing banking relationships and managing third party financiers.

QUALIFICATIONS

* Graduate accountant and/or MBA, aged ±35 with a first class track record in Treasury and Financial Management plus exposure to M&A work, preferably gained at board-level in an international customer-focused service business.

* A highly motivated achiever, able to lead by example, effective at working in teams to set and achieve ambitious performance objectives. Creative yet down-to-earth with superior communications and negotiating skills and a sense of humour.

If you believe that your experience and ambitious match this opportunity, please send your CV and details of your current package to Box A5417, Financial Times, One Southwark Bridge, London SE1 9HL.

CIBC Wood Gundy

Career Opportunities in Finance

London

£ Excellent

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

It's time to join a winning team

CIBC Wood Gundy is the corporate and investment banking arm of CIBC, the 8th largest financial institution in North America, with assets of over $160 billion. CIBC Wood Gundy employs more than 5,000 people in 21 offices worldwide and has established businesses in all of the major global financial centres.

CIBC Wood Gundy's recent history is one of notable growth and success. The year to 1995-96 saw income increase 120% to over $520 million, reflecting the strength of its core trading, underwriting and broking activities and the positive contribution from new business lines such as financial products and high yield financing.

CIBC Wood Gundy in London

The London operation has been key to this business development. In the last two years has expanded and now employs over 500 staff. London lies at the heart of CIBC Wood Gundy's European and Middle Eastern operations and is at the forefront of new business initiatives.

The London finance function exemplifies CIBC Wood Gundy's philosophy. The department is comprised of trade support, finance and regulatory reporting and management information. Individuals are encouraged to move between these areas to gain comprehensive finance experience. Career advancement is measured in the growth of individual capability and their contribution to the team.

The Opportunities

Central to CIBC Wood Gundy's continuing success is the recruitment and development of new members of the London finance team. Current opportunities are as follows:

Associate Directors – Trade Support

Three new associate directors are required to join the London Trade Support team. These are important positions for qualified accountants with a minimum of three years experience in a product/business support related role. All candidates must have strong systems skills and an immediate credibility enabling them to embrace a high degree of autonomy from day one. The roles are as follows:

Funding & Liquidity Management

Reporting to the Head of Trade Support and responsible for a team of four, this role is strategically important, being part of a global team which is responsible for Europe. The role involves a strong project element. The Group encompasses a wide businesses with diverse products including for the Bonds, FX, Money Markets and Interest Rate products.

Origination & Structuring

Reporting to the Head of Trade Support and responsible for building up a small team, this role will have responsibility for the creation and development from the ground level of a full business support group for this rapidly expanding business division.

Interest Rate, Trading & Sales

The Interest Rate area is set to grow at a rapid pace especially with the advent of the Bank of England Gilt Repo market. As a consequence, new positions have arisen for commercial accountants to support the Interest Rate trading and sales business. This is one of the most intensive areas of the trading business, requiring close liaison with both London and Toronto trading desks.

Financial and Regulatory Reporting

A new team is now required to work in the statutory and regulatory reporting area of the London operation. This area has overall responsibility for the preparation of plc accounts and reporting to the external regulators. The team will work closely with the traders and business heads providing advice on capital allocation and risk capital numbers, assisting in new product appraisal and developments in the internal risk and liquidity reporting capability. There are two roles available. The more senior role will suit a qualified accountant with a minimum of 2-3 years experience of financial reporting in an investment bank and system development experience. The more junior role would suit a qualified accountant with a minimum of one years statutory accounts/Bank of England reporting experience.

Management Information

Working as part of a global team of finance professionals, a management accountant is required to develop and enhance all aspects of the regional management reporting requirements to complement the current global reporting. The accountant will also be responsible for the co-ordination of regional management accounts and budgets. The role will suit a self motivated, proactive qualified accountant with two years plus management reporting experience, preferably in financial services.

CIBC Wood Gundy is careful in its recruitment process to look for people who have excellent technical skills and the ability to fit in with the organisation. If you believe that you represent that fit and wish to join an organisation with a pedigree of success, coupled with development of the individual then, in the first instance, forward a copy of your CV to Sarah Hunt at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH (fax 0171 405 9649) or telephone her on 0171 269 2339.

Financial Controllers

East & West Midlands — to £45,000 + Car + Substantial Bonus + Bens

Our client is a prestigious global organisation manufacturing parts predominantly for the automotive industry. With a worldwide turnover exceeding $500 million, the Group is looking to strengthen its UK operations by the appointment of two key individuals.

The UK Controller will be responsible for providing a coherent strategy across all of the UK manufacturing plants. Based in the West Midlands and reporting to the UK Managing Director, you will manage and co-ordinate the organisation's desire to drive through change, presenting a standardised approach to their operations. This is a hands-on role for an energetic individual with the skills to lead all of the UK Plant Controllers.

The Plant Controller will be responsible for assisting with the co-ordination and implementation of an extensive reorganisation programme to modernise the existing factory and systems.

Based in the East Midlands and reporting to the Plant Managing Director, you will continue to consolidate its worldwide branch results whilst contributing to the change process. The successful individual will have a strong character combined with excellent technical skills.

Prospective candidates should be qualified accountants from a manufacturing background with excellent interpersonal and communication skills. You will have experience of implementing systems and must be able to demonstrate previous exposure to significant change management.

Interested candidates should apply in writing, stating clearly which position you are applying for, enclosing a full curriculum vitae (including details of present remuneration) to Jim Davie ACA at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

AVERY DENNISON

Regional Finance Manager

North East — to £36,000 + Car + Bonus

Avery Dennison is a major US labelling multinational with a turnover in excess of $3 billion for 1996, of which one third is generated in Europe. A world class business, they employ around 15,000 people worldwide and have achieved significant levels of growth over the past five years.

A key factor in this growth has been the Northern Region bulk manufacturing operations based in Cramlington, Newcastle. There they manufacture and distribute rolls of self adhesive materials throughout the United Kingdom, Ireland and Scandinavia and have a turnover of £80 million.

Following internal promotion overseas, they now seek to appoint a highly commercial, 'hands on' Finance Manager for the Northern Region.

Reporting directly to the General Manager on site, key responsibilities will include:

- Financial control for the Northern Region.
- Leading Credit management programmes.
- Implementing processes and streamlining systems.
- Working closely with the General Manager, providing strategic insight into the business.
- Developing new business initiatives in the Northern Region.

Candidates will be qualified accountants in their early 30s, of graduate calibre with exceptional interpersonal, presentation and leadership skills. You will also have a proven track record of achievement in ideally a blue-chip manufacturing business. You must also be capable of evolving and invoking change and possess a real desire to succeed in what is a challenging and fast moving environment.

This assignment is being handled exclusively by Michael Page Finance.

If you feel you have the necessary skills and experience, please send a comprehensive CV, including current salary details to James Newman, Regional Manager, Michael Page Finance, Leigh House, 28-32 St Pauls Street, Leeds LS1 2PX, quoting ref 335560, or telephone him on 0113 246 9155.

Michael Page Finance
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Kawneer EUROPE

Financial Director

Cheshire — c £40,000 + Car + Bonus + Stock Options

Kawneer is a multi-national subsidiary of Alumax – a $3 billion turnover US quoted group. With its UK headquarters in Cheshire, Kawneer is the market leader in the design, manufacture and supply of architectural aluminium systems. They have gained this market leadership through their reputation for quality, flexibility and innovation and have gained numerous quality awards and the Investor in People accreditation.

They are continuing to improve efficiency and are preparing for substantial growth over the next few years. They are looking for an experienced finance professional to help them continue their successful track record.

As Financial Director you will work in a dynamic, multi-functional team environment. You will be responsible for business planning, management reporting, commercial support to sales and marketing, the management and development of supplier relationships, cost control and development of manufacturing processes, continual development of IT systems and management and development of the finance function.

The successful candidate will be a qualified accountant with at least five years post qualification experience. You will have a strong manufacturing background and preferably have had prior exposure to change management initiatives and commercial exposure to customers and/or suppliers.

Key attributes will be positive leadership, good IT skills, maturity, a strength of character and an ability to think laterally. You will be a strong team player and be customer orientated. It would be an advantage if the candidate had a second European language, as future opportunities may arise within the UK, Europe or indeed in the US.

Interested candidates should send their curriculum vitae and salary details to David Gunning ACA, Michael Page Finance, 81 Mosley Street, Manchester M2 3LQ, quoting ref 345384.

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International Project Accountant

M4 corridor — Attractive Package + Relocation

Our client, a FTSE 100 company with a rapidly expanding international base, is a leading world player within its marketplace. Continued growth and success is built around the company's international business strategy to develop significant acquisition and joint venture opportunities. This role offers excellent prospects for international travel as you will be part of an international based project team.

You will need to demonstrate financial ability and will have a recognised accounting qualification. You will possess proven systems implementation skills, allied with the drive, motivation and ability to adapt to change. There will be considerable exposure to senior levels of management, therefore, candidates must have first class communication skills, coupled with an inquiring and diplomatic approach.

An ability to work unsupervised and on one's own initiative is essential as is the need to meet targets and deadlines in a highly pressurised environment.

International 'project based' experience would be a distinct advantage; however, the adaptability of the individual to such a multi cultural environment is more critical.

In return, the group will offer an excellent remuneration package, together with long term progression.

Interested candidates should apply in writing enclosing a curriculum vitae, covering letter and daytime telephone number to Kathryn Roberts, Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL, quoting reference JFDI.

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IT Appointments

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LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda
UK Prof Advisers 0800 414181 — Jersey 01534 71696
Private Clients 0800 414161 — 00 352 250404230
From Overseas (44) 1732 777377 — Hong Kong (852) 848 1000

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
A$ Accum		A$18.625		+0.003	4.90
AScit Accum		Sct251.48		+0.01	2.70
C$ Accum		C$18.896		+0.002	2.00
DM Accum		DM38.689		+0.002	2.00
DFl Accum		Dfl31.937		+0.002	1.90
ECU Accum		Ecu13.896		+0.001	3.00
FFr Accum		FFr67.783		+0.003	2.10
HK$ Accum		HK$123.83		+0.01	4.50
Lire Accum		L24365		+4	6.20
NZ$ Accum		NZ$41.313		+0.007	6.30
NKr Accum		NKr113.92		+0.01	1.90
S$ Accum		S$20.303		+0.002	2.10
SPta Accum		Pta2808.7		+0.4	4.80
£ Accum		£13.456		+0.002	5.00
SKr Accum		SKr122.88		+0.01	3.00
SFr Accum		SFr29.484		—	0.40
US$ Accum		$24.038		+0.003	4.60
Yen Accum		Y2881.8		—	0.10

Prices for dealing April 24

Jupiter Asset Management (Bermuda) Ltd
PO Box HM1258, Hamilton, Bermuda 001 809 292 2760
Jupiter Tyndall World Umbrella Fund Ltd

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Eurobond		$15.62	16.62	+0.12	4.29
Money		$14.38	15.09	—	2.88
Mortgage		C$24.44	25.88	+0.12	7.09
North American		$13.82	14.52	+0.06	0.00
Overseas		$16.45	17.29	-0.07	0.00
Tiger		$16.29	17.12	-0.22	0.00
UK Small Cos		£1.50	1.59	—	0.00

Newport Investment Management
20 Reid St, PO Box HM 3306 Hamilton Bermuda
UK: 0171 [illegible] — Dealing: 01481 707000

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Npt. Pacific	5	$4.1711		-0.0033	-
Npt Pacific		£2.5784		+0.027	-
Newport Tiger Fd		$8.8884		-0.0255	-

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Rothschild Asset Management - Contd.
Five Arrows International Bond Funds

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
FAIB £ Bond	3¼	£22.36	22.88	+0.01	5.45
FAIB US$ Bond	3¼	$33.23	34.35	—	5.77
FAIB £ Global	3¼	£16.92	17.49	+0.16	4.95
FAIB US$ Global	3¼	$29.82	30.82	-0.02	4.89

Five Arrows International Reserves Ltd

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
FAIRL £		£45.107		+0.006	5.05
FAIRL A$		A$51.353		—	4.93
FAIRL C$		C$97.33		+0.005	2.02
FAIRL DFl		Dfl101.358		+0.005	1.98
FAIRL DKr		DKr402.35		—	2.39
FAIRL DM		DM99.033		+0.008	2.04
FAIRL ECU		Ecu82.42		+0.009	3.08
FAIRL BFr		BFr2062.1		+0.110	1.98
FAIRL FM F		FM302.461		+0.013	1.71
FAIRL FFr		FFr450.649		+0.086	2.13
FAIRL HK$		HK$186.25		+0.009	4.65
FAIRL Lire		L148851		—	6.05
FAIRL NZ$		NZ$48.036		—	6.07
FAIRL NKr F		NKr484.494		+0.029	1.91
FAIRL S$		S$98.064		+0.005	2.14
FAIRL R F		R350.408		+0.123	14.89
FAIRL Pta		Pta4607.19		+0.580	4.70
FAIRL SF		SFr77.538		+0.001	0.60
FAIRL SKr		SKr205.98		+0.010	3.04
FAIRL U.S.$		$84.168		+0.008	4.82
FAIRL Yen		Y10114.08		—	0.00
FAIRL Man £		£29.603		+0.032	4.40
FAIRL Man DM		DM87.436		+0.023	1.83
FAIRL Man $		$31.777		+0.084	4.06
FAIRL Man Int		$20.787		-0.012	2.75

Five Arrows Currency Fund Ltd

	Init Notes Charge	Selling Price	Buying Price	+ or -	Yield Gr's
FACFL £		£10.232		+0.001	4.88
FACFL A$		A$15.361		—	4.82
FACFL C$		C$30.189		+0.001	0.00
FACFL DFl		Dfl60.41		+0.003	1.87
FACFL DKr		DKr151.74		—	2.94
FACFL DM		DM40.368		+0.002	1.90
FACFL ECU		Ecu15.208		+0.001	2.81
FACFL BFr		BFr807.43		+0.040	1.93
FACFL FM F		FM70.554		+0.002	0.66
FACFL FFr		FFr180.565		+0.006	1.94
FACFL HK$		HK$102.07		+0.010	4.75
FACFL Lire		L25774		—	5.83
FACFL NZ$		NZ$25.829		—	5.89
FACFL NKr F		NKr101.243		+0.025	1.85
FACFL S$		S$30.277		+0.002	2.25
FACFL R F		R74.512		+0.025	12.81
FACFL Pta		Pta2940.58		+0.250	4.47
FACFL SKr		SKr101.48		+0.016	3.01
FACFL SwFr		SFr39.076		—	0.38
FACFL U.S.$		$18.308		+0.002	4.46
FACFL Yen		Y3520		—	0.00

Royal Bk of Canada O/S Fd Mgrs Ltd
PO Box 246, St Peter Port, Guernsey 01481 723021

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or −	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E

BANKS, RETAIL

	Notes	Price	+ or −	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

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	Selling Price	Buying Price	+ or -	Yield Gross
Old Mutual International (Isle of Man) Ltd				
Victory Hse, Prospect Hill, Douglas, IoM			01624	
Distribution Fund-Deferred	81.90		+0.18	-
Distribution Fund-Quarterly	32.40		+0.11	5.44
Distribution Fund-Half Yearly	61.84		+0.10	5.54
European Equity	165.85	176.44	+1.29	-
Far Eastern Equity	$1.7595	1.8718	-0.0013	-
North American Equity	$1.5422	1.6582	-0.0027	-
UK Equity	187.25	201.34	+1.10	-
UK Gilt & Fixed Int	121.52	130.66	+0.11	-
Dollar Deposit	$0.7780	0.8369	+0.0001	-
Sterling Deposit	110.82	118.94	+0.02	-
Managed Currency	84.00	90.32	-0.11	-
International Managed	144.35	155.21	+0.90	-
Pension Managed	99.22	106.82	—	-
Global Accumulation	$0.5138	0.5524	+0.0007	-
Secure Growth	48.95	52.63	—	-
PanEuroLife societe anonyme				
36 Av Marie-Therese, Luxembourg			00 352 456730	
French Balanced Apr 23	FFr7535.97		-181.76	-
German/Benelux Apr 23	DM3522.50		+21.25	-
Global Equities Apr 23	$1308.89		+28.08	-
UK Secure Gth Apr 23	£775.94		+2.89	-
US Secure Growth Apr 23	$1250.75		+19.62	-
Intl Real Estate Apr 23	Ecu1634.85		+32.24	-
Fund of Funds Apr 23	Ecu1380.00		+8.99	-
USD 2004	$512.41		+1.86	-
Premier Life				
1 Rue Emile Bian, Luxembourg			Tel 4050751	

	Selling Price	Buying Price	+ or -	Yield Gross
Apax Bank & Trust Company				
ECM Intl Convertible (DEC)	$1281.73		—	-
ECM Intl Fixed Income (DEC)	$1143.54		—	-
ECM Intl Equity (DEC)	$128.63		—	-
Aravis Capital Advisors LLC				
Aravis Clipper Ltd	$128.89		—	-
Arc Investment Company Ltd				
Rainbow	$570.75		—	-
Rainbow	SFr541.27		—	-
Arisaig Partners (BVI) Ltd				
Arisaig Asian Small Companies Fund				
NAV	$10.06		—	-
Arnhold and S. Bleichroeder, Inc				
Eagle Select Fund Ltd	$1009.58		—	-
Global Beverage-Class A	$120.95		—	-
Asia Pacific Capital Strategies Fund				
NAV Apr 21	$9.3945		—	-
Asia Pacific Securities Corp Ltd				
Asian Convertibles & Income Fd (Cayman)				
NAV Apr 3	$12.65		—	-
Atlantico Investment Ltd				
Liber Plus Apr 18	$105.01		—	-
Atlantic Fund Management (Guernsey) Ltd				
Atlantis Korea Fund Inc	$80.18	85.12	+0.84	-
Atlas Management Limited				
Managed	$11.46	12.65	—	-
Aureus Funds				

	Selling Price	Buying Price	+ or -	Yield Gross
Global Atic Inc				
NAV Apr 9	$1087.00		—	-
Global Convertible Megatrend				
NAV Mar 31	$126.99		—	-
Global Investment Fund Ltd				
NAV Mar 26	$784.76		—	-
The Global Managed Investec Bond Limited				
Global Growth	$1.046	1.095	—	0.00

	Selling Price	Buying Price	+ or -	Yield Gross
Jardine Fleming Unit Trusts Ltd - Contd.				
Limited Issue Funds *				
JF Far Eastern Warts Tst	$9.55	10.11	+0.30	-
JF Guaranteed Currency Tst	$12.53		-0.01	-
JF Japan Capital Guaranteed Tst	$12.10		—	-
JF Japan Capital Guaranteed Tst	£14.50		+0.02	-
JF Japan Capital Guaranteed Tst	$13.91		+0.07	-
JF Japan Capital Guaranteed Tst	£10.40		+0.09	-
JF Japan Capital Guaranteed Tst	$10.41		+0.01	-
JF Asia-Pacific Cap Gtd Tst	$9.92		+0.02	-
JF Asia-Pacific Cap Gtd Tst	$9.12		+0.06	-

OTHER OFFSHORE FUNDS

LONDON STOCK EXCHANGE

Footsie's advance restrained by sterling hit

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Further evidence of the damage to corporate profits wrought by sterling's advance in recent months was one of the factors restraining UK stocks yesterday.

Currency hit results from ICI and Vickers, the engineering group. It sent tremors across all the big overseas earners, threatening to outweigh the impact of big gains for financial stocks.

The upshot was that the FTSE 100 index struggled to remain in positive territory after an early move back above the 4,400 level, eventually settling a net 0.8 higher at 4,378.6.

The FTSE 250, heavily laden with the engineering stocks badly affected by the Vickers warning, fell 11.0 to 4,517.4. It was additionally burdened by a profits warning issued by Laura Ashley, the upmarket retailer. The SmallCap, on the other hand, managed a minor gain at 2,300.8, up 0.2 on the day.

The FTSE 100's latest rise extended its sequence of consecutive gains to eight straight sessions.

There was good news for the market's big integrated securities houses with the latest increase in turnover in shares.

Volume finished at 809.7m shares. It was boosted by another tranche of the LucasVarity share buy-back operation along with above-average action in Laura Ashley, Asda, National Grid and BT. Bank shares were also heavily traded.

Trading began on a subdued note with marketmakers chopping their opening levels in the wake of Wall Street's 21-point retreat and the weak performance of US Treasury bonds, which fell around half a point.

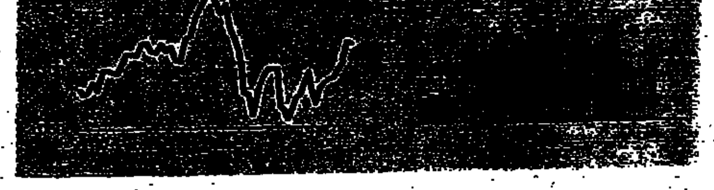
Opening losses were mostly reversed following the emergence of some further large-scale support for the banks, other financials and the insurances.

The banks, especially, were chased hard as the expected reratings of the sector, after the sparkling flotation performance of Alliance & Leicester, gathered momentum.

Dealers said the influence of the A & L float, coupled with encouraging statements from the recent Barclays and NatWest AGMs and Abbey National yesterday, had all contributed to the upsurge in the sector, as did a rethink of Bank of Scotland's preliminary results on Wednesday.

Although no news of the rumoured stakebuilder in A & L was forthcoming, the feeling remained that big index tracking funds had yet to build weightings in the bank. "When the catch-up gets underway the shares have only one way to go," said a marketmaker in the stock.

In the wider market, dealers said the latest opinion polls provided evidence that the previous day's poll – which suggested the Conservatives had made deep inroads into the Labour lead – was likely to have been no more than a "blip". The probable interest rates rises in the UK and the US would still present problems for both stock markets, traders insisted. Wall Street started in good heart yesterday, the Dow Jones Industrial Average posting an early 24-point gain, before slipping back after London closed.



Indices and ratios

FTSE 100	4388.5	+0.8	FT 30	2869.1	−13.1
FTSE 250	4517.4	−11.0	FTSE Non-Fins p/e	18.30	18.35
FTSE 350	2152.0	−0.7	FTSE100 Fut Jun	4412.0	0.0
FTSE All-Share	2120.47	−0.66	10 yr Gilt yield	7.68	7.61
FTSE All-Share yield	3.61	3.61	Long gilt/equity yld ratio	2.11	2.11

Best performing sectors

1 Banks: Retail +2.5
2 Other Financial +0.4
3 Building Matls +0.4
4 Building & Constn +0.4
5 Life Assurance +0.3

Worst performing sectors

1 Engineering: Vehicles −1.5
2 Engineering −1.2
3 Telecommunications −1.2
4 Chemicals −1.1
5 Diversified Inds −1.1

Vickers warns on profits

By Joel Kibazo and Peter John

A surprise profits warning from engineering and defence group Vickers sent the company shares tumbling to a two-year low and cast a dark shadow over the rest of the engineering sector.

Speaking at the company's annual meeting, the chairman said profits for the first quarter of this year would be lower than at the same period a year earlier. Vickers blamed the strength of sterling. Sentiment was hit further by news that export orders were proving harder to obtain and profit margins tended to be thinning.

Shares in the group fell back on the statement, dragging other leading engineering issues lower in their wake. At the close of trading, Vickers was down 23¼ to 202¼p, their lowest level since May 1995. Turnover was a hefty 5.4m.

One analyst said: "This undermines sentiment in the sector as a whole and we shall now be watching all annual general meeting statements closely. It looks like we are in for a series of downgradings in the engineering sector."

But Mr Daniel Bevan at Credit Lyonnais Laing remains optimistic and yesterday upgraded his recommendation on Vickers from "hold" to "buy". He said: "At this level the shares are discounting all the major concerns and there is nothing in the price for full UK commissioning of the Challenger 2 (tank) which will be a catalyst for export orders."

The Vickers news overhung other engineering issues. Talk of a bullish note due to be published next week failed to shield TI Group. The shares fell 24 to 523½p, the worst performer in the FTSE 100.

Siebe, which published a positive sales statement on Wednesday ahead of final figures at the end of May, was back in the doldrums yesterday. The shares surrendered 20½ to 934½p.

GKN gave up 21 to 915½p, but the decline in Smiths Industries was more modest. The shares eased 7½ to 763p.

A share buy-back in Anglo-US engineering group LucasVarity helped prevent a steep decline in the company shares in the wake of the Vickers statement.

The shares closed 1½ lower at 191p after the company confirmed it had bought back another 1m ordinary shares as part of its programme to repurchase around 3 per cent of its own stock for cancellation.

The stock, representing around 0.07 per cent of the group's ordinary share capital, was bought from ABN Amro Hoare Govett, one of LucasVarity's joint brokers. It paid 192p a share.

The company has been seeing brokers this week and many remain cautious about the near-term outlook for the group.

Banking stocks acted as the crutch to a fragile market with Barclays standing out on a mixture of catch-up, weighting pressure and rumour.

At the start of yesterday's session Barclays shares had underperformed the banking sector by almost 10 per cent on a four-month view.

And with the flotation of the Alliance & Leicester proceeding far better than most banking analysts had predicted, the shares appeared even cheaper.

Also it has become apparent that institutional investors have struggled to get a full weighting in the building society stock and could find it even more difficult to get up to strength in the Halifax. The Halifax is seen as the quality demutualisation and will represent about 1.1 per cent of the Footsie.

Consequently there was active pressure on Barclays shares which led to a sharp rise and prompted a return of speculation that it may offload BZW; its underperforming investment arm

Some dealers suggested Salomon Brothers might be interested in gaining a stronger foothold in London and be prepared to pay a price that would lift Barclays share price by at least 150p. Last year Barclays poured cold water on such stories.

Barclays jumped more than 50 at one stage and ended the day 49 higher £11.07½p – a rise of 4.6 per cent but still well below its mid February peak of £12.15p.

The crucifying effects of the strong pound were brought to the fore again as ICI released its first quarter figures.

The chemicals leader said the strength of sterling had undermined profits by about £40m and left it with earnings of only £65m compared with analysts' forecasts of between £75m and £90m.

Analysts cut their full-year forecasts between by around 10 per cent, with Dresdner Kleinwort Benson at the bottom of the range with an estimate of £490m. Mr Michael Eastwood of Dresdner said: "We cannot see how this performance will support the share price."

Several brokers aired sell recommendations after Sir Ronald Hampel, the group's chairman, said that if the currency continued its present trend it would have a "significant and debilitating effect on British industry and exports".

Brokers also responded to the announcement that falling prices for polyester and titanium dioxide had knocked profits by £110m in the first quarter while another £50m had been lost through price falls in other areas. ICI shares fell a net 20 to 700½p.

As pharmaceuticals stocks were broadly weak, an announcement that Glaxo Wellcome had bitten the bullet and put the decline of Zantac – its ulcer drug – behind it failed to support the shares. Glaxo has granted a licence to Novopharm of Canada to make and sell a generic version of the drug from July 10. Its shares still dipped 11½ to £11.54p.

Shares in Laura Ashley, the retailer, crashed after it warned that figures will be below market expectations. The shares plunged 41 or 28.8 per cent to 104p as analysts rushed to downgrade profit expectations.

Advertising firm More Group rose 7½ to 647½p after its annual meeting.

There were a number of new additions to the market yesterday. Qualceram, an Irish bathroom equipment maker, was placed at 143p, started trading at 150p and ended the day at 159½p. Joint house broker Teather & Greenwood recommended the stock.

Comino, a software group, was placed at 130p and ended its first day on Aim at 139½p.

Old English Pub Company, the first group to list on Aim when it started two years ago, moved to a full listing and lifted 6 to 242½p.

Finally, Lady In Leisure, a health and fitness club group placed at 110p, closed at 125½p on Aim.

FT 30 INDEX

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 18	Yr ago	*High	*Low
FT 30	2869.1	2882.2	2855.1	2844.4	2834.5	2854.4	2931.4	2668.8
Ord. div. yield	3.87	3.85	3.88	3.90	3.92	3.88	4.22	3.76
P/E ratio net	17.17	17.25	17.09	17.00	16.93	16.78	18.09	15.80
P/E ratio nil	16.99	17.08	16.91	16.82	16.76	16.54	17.87	15.71

FT 30 since compilation: high 2931.4 10/03/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2875.4	2878.3	2879.8	2877.4	2872.9	2867.4	2866.5	2871.4	2870.2	2884.0	2863.4

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 18	Yr ago
SEAQ bargains	46,319	48,378	47,801	55,591	38,573	42,656
Equity turnover (£m)†	–	NA	1969.6	2113.7	1977.3	2113.3
Equity bargains†	–	NA	50,791	46,091	38,883	48,994
Shares traded (m)†	–	NA	650.4	889.9	680.4	732.1

†Excluding intra-market and overseas turnover but including Crest turnover.

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 18	Yr ago	*High	*Low
FTSE AIM	1096.8	1099.6	1089.2	1092.5	1090.7	1045.2	1140.4	965.7

 *For 1997.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	488	Total Highs	62	Total contracts	53,797
Total Falls	620	Total Lows	44	Calls	32,682
Same	1299			Puts	21,115

Apr 24 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4402.0	4412.0	+4.0	4422.0	4384.0	10946	60185
Sep	4430.0	4440.0	+5.0	4449.0	4430.0	96	2981
Dec	4482.0	4482.0	+6.0	4482.5	4479.0	220	-0

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

Jun	4530.0	4530.0	-	4530.0	4530.0	30	4841

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock
*	F.P.	3,227	576	532½	Alliance & Leic
§100	F.P.	25.0	100	99	Aurora Inv Trust
§100	F.P.	86.0	103½	86½	†Avalon Oil
	F.P.	754.1	142½	124	Axis Europe
§	F.P.	5.87	44½	38½	†Bickerton
§40	F.P.	12.6	65	54½	†Charlton Athltc
	F.P.	38.0	95	95	Close Bros Pr VCT
§130	F.P.	15.4	139½	132½	†Comino
§	F.P.	11.3	74½	70½	Donatantonio
§175	F.P.	53.9	207½	175	Harvey Nash
§175	F.P.	25.9	212½	198	Heal's
§110	F.P.	5.21	130½	122½	†Lady In Leisure
§44	F.P.	4.08	50	46	†Methven's
50	F.P.	19.8	54½	50½	†NMT
§135	F.P.	178.2	144½	114	Newcastle Utd
*	F.P.	1.71	28½	28½	†Northstar Secs
	F.P.	4.75	95	95	Oxford Tech Vent
143	F.P.	21.8	155½	150	Qualceram
–	F.P.	39.5	16	12½	†Sibir Energy
§100	F.P.	10.2	105½	102½	†Soccer Investmnt
–	F.P.	12.4	107½	107½	†Torch Hldgs
–	F.P.	73.4	61½	59	Utd Overseas Grp
§	F.P.	–	177	177	Workdaco

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Apr 23	% chg on day	Apr 22	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1498.60	−1.6	1522.75	2279.74	2.23	–	2282.86	1498.09
■ Regional Indices								
Africa (14)	1799.90	−2.3	1843.07	3059.20	4.97	28.49	3197.52	1799.90
Australasia (6)	1660.11	−1.1	1680.66	2869.18	2.87	20.34	2844.14	1799.25
North America (12)	1368.13	−1.4	1387.93	2002.77	0.98	52.37	2126.45	1368.13

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Apr 24	Day's chge%	Apr 23	Apr 22	Apr 21	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4388.5	—	4387.7	4346.1	4328.7	3819.9	3.68	2.07	16.36	62.29	1862.53
FTSE 250	4517.4	−0.2	4528.4	4513.3	4518.2	4553.3	3.55	1.54	22.90	62.27	1672.91
FTSE 250 ex IT	4554.6	−0.3	4568.0	4554.6	4560.2	4592.3	3.64	1.56	21.99	53.70	1693.30
FTSE 350	2152.0	—	2152.7	2135.0	2128.7	1932.4	3.68	1.97	17.37	29.36	1864.80
FTSE 350 Higher Yield	2079.8	−0.3	2085.3	2068.8	2065.0	1857.1	4.75	1.84	14.29	34.17	1624.84
FTSE 350 Lower Yield	2230.5	+0.2	2226.1	2207.2	2198.0	2015.2	2.56	2.20	22.20	24.22	1584.10
FTSE SmallCap	2300.81	—	2300.57	2295.65	2295.65	2216.76	3.04	1.70	24.24	23.87	1942.28
FTSE SmallCap ex IT	2311.18	—	2312.25	2308.57	2308.18	2207.76	3.23	1.77	21.83	25.45	1968.57
FTSE All-Share	2120.47	—	2121.13	2104.88	2096.91	1814.27	3.61	1.95	17.75	28.42	1864.87

■ FTSE Actuaries Industry Sectors

	Apr 24	Day's chge%	Apr 23	Apr 22	Apr 21	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4114.11	−0.5	4133.74	4073.60	4023.00	3495.03	3.83	2.15	16.05	70.25	1835.05
12 Extractive Industries(5)	4134.30	+0.2	4124.46	4080.96	4082.27	4645.27	3.81	2.39	13.76	104.80	1263.72
15 Oil, Integrated(3)	4237.34	−0.6	4262.53	4194.11	4130.65	3490.53	3.83	2.11	15.46	70.72	1941.47
16 Oil Exploration & Prod(12)	3485.90	−0.4	3499.79	3475.74	3455.70	2514.90	1.66	2.19	34.42	34.64	2139.67
20 GEN INDUSTRIALS(270)	1964.39	−0.7	1979.21	1969.66	1970.37	2173.82	4.06	1.91	16.14	26.29	1113.55
21 Building & Construction(35)	1365.42	+0.4	1360.55	1353.83	1350.24	1264.41	3.16	1.90	20.79	19.55	1182.97
22 Building Matls & Merchs(31)	1901.06	+0.4	1894.15	1891.80	1892.89	2025.87	4.22	2.78	10.66	29.04	997.95
23 Chemicals(26)	2239.46	−1.1	2264.59	2238.80	2228.81	2598.45	4.89	1.46	18.26	38.84	1105.51

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PHARMACEUTICALS - Cont.

[illegible]

PROPERTY

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

PROPERTY - Cont.

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

TELECOMMUNICATIONS

[illegible]

RETAILERS, GENERAL

[illegible]

TEXTILES & APPAREL

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£24½	—	*£31	£20	7,900	3.0	ϕ
Barlow	&	[illegible]	[illegible]	[illegible]	[illegible]	1,381	2.2	14.0
Gold Flds Prop R	†	134½	[illegible]	171½	120	13.8	6.7	10.0
SA Brews		£18¼	[illegible]	£24	£13	5,373	1.9	ϕ
Standard Bank		2271	[illegible]	[illegible]	£21	3,322	1.3	24.5
Tiger Oats		1067	—	1158	770	1,805	1.7	20.0
Tongaat-Hulett		757	−1½	1125	676¼	710.7	2.4	ϕ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a

FD (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

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4 pm close April 24

NEW YORK STOCK EXCHANGE PRICES

- A -

1997 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
30¼	24¼	AAR x	0.48	1.6	22	136	29¾	29½	29½	-⅛
43	33⅛	AMP	1.04	3.0	26	6196	35¼	34¾	34⅞	-¼
92¼	78¼	AMR			7	13825	u93¾	90¼	90⅞	-1⅝
37⅝	32	ASA	1.20	3.8	21	316	32¼	d31⅝	31¾	-¼
61⅞	49¾	AbbtL x	1.08	1.8	23	6512	59⅞	59	59¼	-⅝
17½	14⅞	AbtMbl Pr	0.40	2.4	8	254	16⅝	15⅞	16⅝	+¼
19¾	17⅜	ABM Ind x	0.40	2.2	17	51	18½	18⅜	18½	+⅛
23	17¾	Acptacuin			9	250	18⅝	18⅞	18⅞	-¼
66⅜	56⅛	ACE Ltd	0.72	1.2	9	2001	60⅞	58½	60	-⅞
10¼	10	ACM Grt In	0.90	8.9	11	114	10¼	10⅛	10⅛	
7⅜	7	ACM GvOpp	0.63	8.5		196	7⅜	7¼	7⅜	+⅛
9⅞	9¼	ACM Mgn	0.90	9.5		129	9⅝	9½	9½	-⅛
10⅞	6¼	Acme Elect				33	6½	6⅜	6⅜	-⅛
20	13¾	Acme Mtls			59	43	13¾	d13¾	13¾	
33	27¼	Acordia	0.80	2.5	15	28	31⅝	31½	31⅝	+⅛
29⅝	21⅛	Acuson				1280	24⅜	23⅞	24¼	+⅞
27	18⅞	Adams Expr	0.55	2.7	1	500	20½	20¼	20¼	-⅛
48½	24⅞	AdvMic				25806	40½	37⅞	40½	+3
15	10⅝	Advest Grp	0.03	0.2	8	23	12⅜	12¼	12¼	-¼
14⅝	11⅞	Advo Inc			14	146	12⅞	12	12	-¼
73⅝	61⅛	Aegon	1.45	2.0	20	66	72⅞	71⅞	72⅛	+⅞
5⅝	3⅛	Aeroflex				76	3⅞	3⅞	3⅞	
40⅞	33	Aero-V	0.80	2.1	11	666	38⅞	38¼	38¼	-¼
67⅝	48	AES Corp				20	61½	61½	61½	+1⅞
93⅝	73	Aetna x	0.80	0.9	62	2435	86½	84⅞	84⅞	-1¼
43½	37½	Aflac	0.40	1.0	15	1848	42	41½	42	+¼
21⅝	18⅞	AGL Res	1.06	5.7	13	500	19½	18⅞	18⅞	-½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 24 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Apr 24 / Frs.)

[illegible]

CZECH REP (Apr 24 / Korunas)

[illegible]

DENMARK (Apr 24 / Kr)

[illegible]

FINLAND (Apr 24 / Mks)

[illegible]

FRANCE (Apr 24 / Frs.)

[illegible]

GERMANY (Apr 24 / Dm.)

[illegible]

GREECE (Apr 24 / Drachmae)

[illegible]

ITALY (Apr 24 / Lira)

[illegible]

NETHERLANDS (Apr 24 / Fls.)

[illegible]

NORWAY (Apr 24 / Kroner)

[illegible]

POLAND (Apr 24 / Zloty)

[illegible]

PORTUGAL (Apr 24 / Escudo)

[illegible]

SPAIN (Apr 24 / Pts.)

[illegible]

SWEDEN (Apr 24 / Kronor)

[illegible]

SWITZERLAND (Apr 24 / Frs.)

[illegible]

TURKEY (Apr 24 / Tk Lira)

[illegible]

PACIFIC

JAPAN (Apr 24 / Yen)

[illegible]

AUSTRALIA (Apr 24 / Aust$)

[illegible]

HONG KONG (Apr 24 / H.K.$)

[illegible]

INDONESIA (Apr 24 / Rupiah)

[illegible]

MALAYSIA (Apr 24 / MYR)

[illegible]

NEW ZEALAND (Apr 24 / NZ $)

[illegible]

SINGAPORE (Apr 24 / S$)

[illegible]

SOUTH KOREA (Apr 24 / Won)

[illegible]

TAIWAN (Apr 24 / TW $)

[illegible]

THAILAND (Apr 24 / Baht)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Apr 24 / Can $) 4 pm close

[illegible]

MONTREAL (Apr 24 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Apr 24 / Rand)

[illegible]

INDICES

[illegible]

■ INDEX FUTURES

[illegible]

US INDICES

Dow Jones	Apr 23	Apr 22	Apr 21	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	6812.72	6833.59	6880.21	7085.16 (11/3)	6391.69 (11/4)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	101.54	101.56	101.59	103.63 (19/2)	101.09 (14/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2580.55	2535.86	2486.85	2580.55 (23/4)	2222.07 (2/1)	2580.55 (23/4/97)	13.23 (8/7/32)
Utilities	211.99	212.34	212.06	240.85 (22/1)	210.87 (14/4)	258.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 6902.23 (6856.06) Low 6746.60 (6628.50) (Theoretical¶)
Day's high 6850.05 (6834.40) Low 6789.06 (6657.40) (Actual¶)

Standard and Poors	Apr 23	Apr 22	Apr 21	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	773.64	774.84	760.37	816.29 (18/2)	737.01 (2/1)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	913.22	913.81	896.64	959.96 (18/2)	885.42 (11/4)	959.96 (18/2/97)	3.62 (30/6/32)
Financial	85.35	85.84	84.16	97.25 (10/3)	80.75 (2/1)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	404.71	405.84	399.40	427.70 (10/3)	389.47 (11/4)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	543.36	544.96	551.47	603.63 (10/3)	543.35 (23/4)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Comp	1227.14	1212.74	1203.95	1388.06 (22/1)	1201.00 (2/4)	1388.06 (22/1/97)	54.87 (3/10/74)

■ RATIOS

	Apr 18	Apr 11	Apr 4	Year ago
Dow Jones Ind. Div. Yield	1.82	1.94	1.97	2.17
	Apr 23	Apr 16	Apr 9	Year ago
S & P Ind. Div. yield	1.80	1.82	1.83	1.87
S & P Ind. P/E ratio	22.19	21.85	21.72	21.43

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Astra AB A	10,113,000	38¾	-1⅛
Saks	7,330,800	19⅝	-8⅜
Phrm Upjohn	6,784,700	30⅝	-4⅜
Centerior	6,583,700	9⅞	-⅛
Philip Mrrs	5,413,100	40¾	-1⅛
Hewlett-Pkd	4,910,000	49⅝	-1⅛
Crescent RI	4,909,700	25⅝	——
Chrysler	4,230,000	30⅛	-⅛
US Airways	4,167,400	34⅝	+5½
Verifone	3,988,700	47¼	+17⅛

■ TRADING ACTIVITY

● Volume (million)

	Apr 23	Apr 22	Apr 21
New York SE	493.488	501.976	397.293
Amex	23.710	24.845	17.175
NASDAQ	593.984	633.983	557.124
NYSE			
Issues Traded	3,325	3,332	3,317
Rises	1,143	1,541	907
Falls	1,388	960	1,660
Unchanged	844	831	750
New Highs	54	55	44
New Lows	60	69	59

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	780.00	783.80	+3.60	783.20	779.65	76,447	180,665
Sep	-	791.30	+3.20	-	-	300	5,668

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	18700.0	18700.0	-70.0	18960.0	18660.0	21,924	223,416

Open interest figures for previous day.

GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ...s highs and lows are the averages of the highest and lowest prices reached during the day by each ... and lows represent the highest and lowest values that the index has reached during the day. (The ...). ♥ Subject to official recalculation.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, April 24, 1997

	Stocks Traded	Closing Prices	Change on day
Fuji Heavy Ind	14.0m	630	+21
Toyota Motor	6.8m	3530	+90
Nippon Steel Cp	6.0m	364	
Fujitsu	5.7m	1300	+10
Nomura Secs	5.4m	1410	+20
Mitsubishi Chem	5.2m	412	-13
Nippon Credit Bk	5.1m	241	-4
NEC Corp	4.9m	1540	+20
Mitsubishi Heavy	4.8m	842	+7
Ga-Jo-En Kanko	4.3m	3	+1

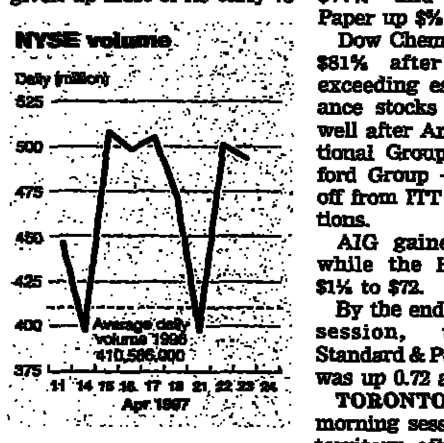
IBM boost gives way to profit-taking

AMERICAS

A surge in IBM's share price after the company reported strong results following the close on Wednesday, was the main force behind an early rise in the Dow Jones Industrial Average, *writes Tracy Corrigan in New York.*

However, after a string of strong earnings reports this week, the market fell prey to profit-taking.

By noon the Dow had given up most of its early 75



point advance to stand just 8.03 up at 6,821.15.

IBM ended the morning $10⅜ higher at $153¾, after the computer giant reported earnings per share of $2.37 for the first three months of 1997, about 10 cents ahead of estimates, and painted a positive outlook for the rest of the year.

Other technology stocks, which had made strong gains on Wednesday, were mixed, but the technology-driven Nasdaq composite index gained 8.52 to 1,235.66. Dell was $1 higher at $80⅝ and Oracle was $1⅛ up at $39⅝.

Among the morning's earnings reporters, two more US airlines, Southwest Airlines and Delta Air Lines, beat analysts' expectations thanks to strong passenger volume, higher fares and robust cost controls.

Southwest gained $1⅛ to $26⅜, but Delta lost $2⅜ to $95½; share prices of the big airlines had already enjoyed a strong run up when the first positive reports came earlier this week.

Similarly, Procter & Gamble had already enjoyed a strong run, and so fell $2 to $123⅜ in spite of beating estimates.

Paper stocks were boosted by a positive analysts' report on the price outlook, with Georgia Pacific up $1⅜ at $77⅜ and International Paper up $⅝ at $42⅛.

Dow Chemical rose $1⅛ to $81⅝ after substantially exceeding estimates. Insurance stocks also performed well after American International Group and the Hartford Group – recently spun off from ITT – beat expectations.

AIG gained $1 to $119, while the Hartford added $1⅛ to $72.

By the end of the morning session, the broader Standard & Poor's 500 index was up 0.72 at 774.36

TORONTO ended the morning session in negative territory after Wall Street gave up its early gains. "There was some solid corporate news around but in the end the trend in New York held sway," said one broker. At the noon calculation, the 300 composite index was off 11.03 at 5,863.10.

Moore Corporation gained C$1 to C$29.30 in good volume on improved earnings and there were even sharper gains at Canadian National Railways after the transport leader announced that earnings in 1997 were expected to show an improvement. CNR rose C$2.55 to C$52.25 and Canadian Pacific improved 20 cents to C$33.20 in sympathy.

Northern Telecom added 25 cents to C$98.75, taking its gain over three days to 7 per cent.

Toronto-Dominion Bank was off 85 cents at C$38.50. In golds, Placer Dome fell 35 cents to C$22.15.

Techs strong as bourses anticipate Dow

EUROPE

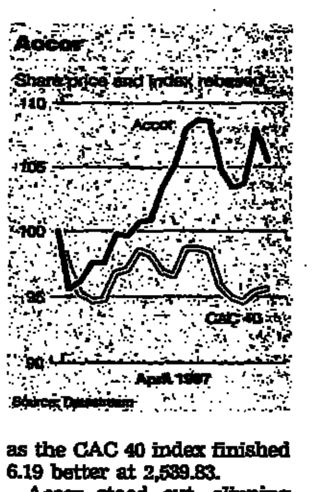
The writing was on the wall for US stocks yesterday, following better than expected results from IBM. European bourses anticipated the early upturn and tech stocks reflected Wednesday's US upswing in the sector, although there was some subsidence by 17.00 European time when the Dow was some 50 points off its intra-day peak.

FRANKFURT majored on SAP, the software group which created excitement on Tuesday with a 54 per cent jump in profits and then subsided a little. The prefs climbed DM12 to DM311, up 9 per cent this week.

The Dax index closed 29.62 higher at an Ibis-indicated 3,396.49, also supported by lower than expected inflation data. Brokers noted a number of US orders for SAP. Investors also bought back Siemens, up DM2.45 or 2.8 per cent at DM90.45 after a 3.2 per cent fall on Wednesday's flat profits.

Brokers' recommendations lifted Linde, the forklift leader, by DM39 to DM1,210 and SGL Carbon by DM8.50 or 3.5 per cent to DM248.50. Merrill Lynch initiated coverage in SGL as a buy.

PARIS swung back gently from a four-day slide of more than 100 points. Volume was below average at 9.4m shares



as the CAC 40 index finished 6.19 better at 2,539.83.

Accor stood out, slipping 2.6 per cent as investors reacted negatively to lower 1996 operating profits from the hotels leader. The shares, up more than 12 per cent in recent weeks, fell FFr23 to FFr860 on profit-taking.

Renault came off FFr3.90 to FFr131.10 as police clashed with workers at the Belgian plant that Renault plans to close.

Among second liners, GAN jumped FFr3.20 to FFr153.20 on a fresh outbreak of rumours suggesting that a takeover bid from AGF was imminent. AGF gained FFr1.30 to FFr184.9.

Eurotunnel, 50 centimes better at one stage, closed all-square at FFr6.50 after news of a debt restructuring deal and a forecast return to operating profits next year.

AMSTERDAM made further progress, helped another round of aggressive buying at Philips. The AEX index ended up 4.22 at 763.16.

Philips rose Fl 1.50 to Fl 98.50 in 5.8m shares traded for a two-day advance of more than 8 per cent in the wake of Wednesday's upbeat first quarter results and progress report.

Akzo Nobel was also in demand, rising Fl 6.70 to Fl 271.7 ahead of today's earnings statement. KLM, hit by a sharp profits setback at Martinair, the airline's charter offshoot, tumbled Fl 1.40 to Fl 56.20.

Smaller techs stocks were a feature. Baan rose Fl 4.20 to Fl 101.70 following strong results and an upgrade to outperform from Morgan Stanley.

ASM Lithography gained Fl 4.50 to Fl 144.50 after the company saw its share of the world waferstepper market expanding to 30 per cent within three years.

MILAN could find little cause for celebration ahead of the three-day holiday weekend, and the Comit index fell 7.10 to 764.98. The market was depressed by the European Commission's forecast that Italy would miss budget deficit targets, which would exclude it from becoming a founder member of monetary union. Expectations of an imminent cut in interest rates also waned on the view that the Bank of Italy may now delay a move until next month.

Fiat gave up an early advance to finish L158 lower at L5,429 as investors awaited first quarter figures. Analysts cautioned that sales data would be distorted by the government's car sales incentive scheme.

ZURICH continued into record territory, the SMI index rising 55.00 at 4,836.10.

In pharmaceuticals, a SFr39 rise to SFr1,923 in Novartis was attributed to short-covering, with about SFr10 of the rise coming in the final few minutes.

Banks and insurers saw a fresh spate of orders. UBS gained SFr12 to SFr1,334 and SBC gained 4.50 to 319.50.

Speculation that Alusuisse could sell its Lonza division to Ems Chemie helped to push both higher. Alusuisse rose SFr14 to SFr1,235 and Ems SFr30 to SFr6,030.

Swiss Re added SFr32 to SFr1,661, still profiting from recent brokers' recommendations and its plans to spin off its Alternative Risk Transfer activities.

MADRID paused for breath and the general index fell 2.22 to 502.19 after five successive all-time highs. A rise in banks kept the correction within bounds, Banco Popular adding another Pta1,290 or 4.4 per cent to Pta30,340 after a Goldman Sachs upgrade.

STOCKHOLM saw Ericsson elevated by the IBM effect, the B shares closing SKr8.50 better at SKr252.50 ahead of today's first quarter report. Boosted by this and by a phlegmatic reaction to other quarterlies, the general index rose 30.34 to 2,689.09.

The other quarterlies included Scania, the truckmaker, with first quarter profits almost halved but the shares SKr3.50 higher at SKr192; Stora, the forestry group, SKr4.50 better at SKr106.50 on a 54 per cent profits drop; and SSAB, the steelmaker, up SKr10 or 7.5 per cent to SKr142 on a 45 per cent drop in first quarter earnings per share.

HELSINKI's forestry analysts took the Stockholm line that Stora's results were better than expected, and domestic forestry stocks like UPM-Kymmene and Metsa-Serla reaped the benefit, rising by FM5 to FM120 and by FM1.70 to FM38.50 respectively as the Hex index closed 32.78 higher at 2,884.41.

Nokia registered the IBM influence with a gain of FM4 at FM306 ahead of its own quarterly next week.

ISTANBUL tumbled 4.9 per cent as the market returned after a six and a half day holiday, with many investors convinced that the coalition government of the Islamist prime minister, Mr Necmettin Erbakan, was about to collapse.

The IMBK National-100 index, down 7.3 per cent early in the day, recouped some of the loss to close 75 lower at 1,457. Analysts noted that the fall was exacerbated by a shortage of liquidity.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 24 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2204.61	2204.71	2204.94	2205.99	2206.02	2206.28	2207.48	2208.94
FTSE Eurotrack 200	2236.73	2237.77	2237.88	2239.04	2238.21	2239.21	2242.43	2241.59

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 18
FTSE Eurotrack 100	2201.74	2184.58	2185.17	2187.55	2193.67
FTSE Eurotrack 200	2234.95	2219.55	2212.87	2205.06	2213.84

Base value 1000 (26/10/90) High/day: 100 - 2208.73 200 - 2243.86 Low/day: 100 - 2204.23 200 - 2235.03. † Partial.

Colombo pulls back after sharp month-long rally

ASIA PACIFIC

Most markets traded quietly following Wall Street's neutral overnight performance. **COLOMBO** saw a second straight day of profit-taking after its sharp climb over the previous month and the all-share index slid 15.28 or 2 per cent to 730.32.

Analysts noted that the index had climbed almost 23 per cent since the start of the year, driven by improved investor sentiment and that the market was overdue for a correction.

Turnover was busy at Rs109m. Bogawantalawa Plantations fell Rs2 to R38 and Commercial Bank came off Rs10 to Rs200.

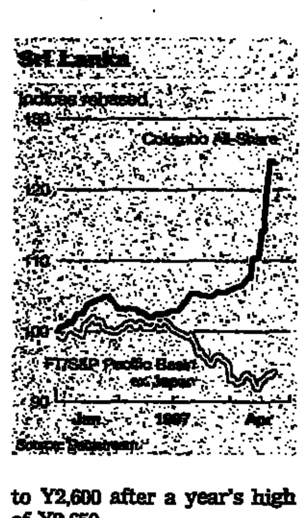
TOKYO edged down on mutual fund selling after strong early gains although selected blue chips, led by carmakers, posted record advances, *writes Gwen Robinson.*

The Nikkei 225 average fell 37.40 to 18,698.07 after moving between 18,664.87 and 18,982.70. Traders said equities could be entering a brief consolidation phase following their recent gains.

Sentiment, cautious on the last trading day for April delivery, was dampened further by reports that the government would resume public selling of its remaining stake in NTT, the telecommunications giant.

Some carmakers reached record highs. Toyota peaked at Y3,570 in intra-day trading before closing Y90 higher at Y3,530. After the close, Toyota announced it plans to conduct a Y100bn share buy-back; it had said earlier in the week that it would introduce a stock option system for managers.

Fuji Heavy Industries, the day's most active stock, climbed Y21 to Y630 in 14m shares; this week, the company announced an upward revision to its earnings forecast. Bridgestone added Y50



to Y2,600 after a year's high of Y2,650.

Blue chips were mixed. Among those posting record advances were Fuji Photo Film, up Y160 to Y4,740 after hitting Y4,850. Canon rose Y30 to Y2,930 after reaching Y2,990. Sony, however, fell prey to profit-taking, losing Y70 at Y9,080. Among high-technology issues, Advantest shed Y180 to Y6,650 and Tokyo Electron Y10 to Y4,780.

Nomura Securities was the only one of the big four brokers to resist selling pressure, after Moody's Investors Service yesterday placed Yamaichi's debt rating under review for possible downgrading. Yamaichi fell Y6 to Y364. Daiwa shed Y15 to Y867 and Nikko Y9 to Y706. Nomura, however, gained Y20 to Y1,410 on a continuing positive response to Tuesday's announcement of a sweeping management reshuffle.

The Topix index of all first-section stocks shed 1.70 to 1,419.09 and the capital-weighted Nikkei 300 was down 0.09 at 274.99. Volume eased from 550m shares to an estimated 453m. Declines led advances by 654 to 443 with 162 unchanged.

In Osaka, the OSE average added 44.21 to 19,882.18 and volume increased to 25.4m shares. In London, the ISE/Nikkei 50 index gained 3.97 at 1,514.52.

DHAKA added to Wednesday's 5.2 per cent plunge with another fall of 3 per cent as small investors dumped shares after the central bank's warning earlier in the week about the parlous state of the banking sector. The DSE index fell 31.87 to 1,022.2.

On Tuesday, the central bank governor warned that the domestic banking sector was on the verge of collapse due to the huge accumulation of bad loans.

SINGAPORE featured Singapore Telecommunications which tumbled to an intra-day all-time low on news that a rival mobile phone service had grabbed almost 10 per cent of the local market. The shares, however, finished 8 cents lower at S$2.54 having recovered from S$2.50.

The broad market was also weak in response to revisions of the key index component stocks and the Straits Times Industrial index finished 14.63 down at 2,020.17, up from a low of 2,000.44.

KUALA LUMPUR recouped some ground but still finished on Thursday with losses, as underlying bearishness after recent declines kept buyers at bay. The composite index finished 13.07 lower at 1,096.53, but volume was very thin at 176m shares. Analysts noted that Malaysian stocks had been buffeted over the past month by concerns over stricter property and share purchase loans.

TAIPEI pushed higher for the fourth day running with the focus switching to financial stocks. Turnover stayed brisk at T$145bn and the weighted index ended 52.29 or 0.6 per cent better at 8,629.23.

Financials, which had lagged behind in recent sessions, jumped 3 per cent as a sector, with the "Big Three" state-run banks surging in reaction to the government's privatisation programme.

Chang Hwa Bank gained T$7.50 to T$123 while both First Commercial and Hua Nan Bank rose by the daily 7 per cent limit to T$124 and T$118 respectively.

Electronics, up sharply on Wednesday, succumbed to profit-taking. Taiwan Semiconductor came off T$2.50 to T$88.

MANILA failed to sustain early gains, closing slightly lower as investors took profits. In weak turnover the composite index ended 7.23 lower at 2,906.33.

Empire East and Megaworld Properties, hit severely recently by rumours of default, continued to rally. Empire gained 1.05 pesos to 5.80 and Megaworld 0.90 pesos to 5.70.

Sao Paulo advances

SAO PAULO traded higher in early trade after the planning minister expressed confidence that the sale of the mining conglomerate, CVRD, would go ahead on April 29 as planned in spite of legal challenges. At midsession the Bovespa index was 60 higher at 9,694.

Analysts noted, however, that the advance was muted by the government's defeat in the Chamber of Deputies when it failed to muster enough votes to add an amendment to its civil service reform bill.

MEXICO CITY moved lower in quiet trading, depressed by dull corporate earnings and a weak start for the peso. At midsession, the IPC index was off 36.55 at 3,790.46.

Telmex eased 10 centavos to 16.58 pesos ahead of what dealers expected to be relatively strong results, but there was no lack of disappointment elsewhere. Televisa and Maseca shed 2 pesos to 97 pesos to 16 centavos to 7.70 pesos respectively.

South Africa extends gains

Shares stayed on the upside in Johannesburg, underpinned by a strong rand, upbeat bonds and another solid day for industrial shares.

The all-share index closed up 10.6 at 8,425.4 in good two-way trading to extend its rally to five days.

Bond yields declined to their lowest level since the second week of March, with the afternoon session dominated by London-led buying. The brighter mood washed over on to the industrial pitches. South African Breweries was a dull spot, dipping R1 to R131.75.

Golds stayed lacklustre in the absence of an upturn for the bullion price which stuck to the $340 level at the local fixings. The golds index finished little changed at 1,230.5, up 1.3.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	WEDNESDAY APRIL 23 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY APRIL 22 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	224.14	1.0	204.70	178.68	198.54	191.88	1.1	3.96	221.97	201.04	177.06	197.47	189.70	225.77	188.44	209.01
Austria (24)	183.32	0.7	167.42	146.14	163.20	163.14	0.8	1.93	181.98	164.82	145.15	161.89	161.83	195.04	174.70	187.49
Belgium (28)	239.58	0.3	218.80	190.99	213.29	208.78	0.3	3.42	238.95	216.42	190.60	212.57	208.08	241.54	205.89	207.73
Brazil (30)	241.12	1.4	220.21	192.22	214.66	471.75	1.4	1.16	237.79	215.37	189.68	211.55	465.19	247.23	155.36	156.91
Canada (114)	186.38	0.5	170.22	148.58	165.93	188.14	0.3	2.07	185.52	168.03	147.98	165.04	187.56	203.31	154.12	161.98
Denmark (32)	360.81	0.5	329.52	287.63	321.21	320.13	0.6	1.59	358.87	325.03	286.26	319.26	318.28	376.98	291.89	268.24
Finland (26)	250.82	1.4	229.06	199.95	223.29	271.38	1.1	1.66	247.33	224.01	197.29	220.03	268.55	268.58	180.69	182.21
France (91)	211.00	0.6	192.70	168.21	187.85	191.24	0.6	2.97	209.81	190.02	167.35	186.65	190.03	226.25	186.94	196.72
Germany (59)	200.12	1.4	182.76	159.53	178.16	178.16	1.4	1.58	197.46	178.84	157.50	175.66	175.66	207.65	164.47	171.37
Hong Kong (86)	458.00	0.9	418.28	365.11	407.74	455.57	0.9	3.30	454.04	411.23	362.17	403.93	451.58	514.49	407.55	427.34
Indonesia (27)	232.86	1.2	212.66	185.63	207.30	345.57	1.2	1.58	230.08	208.38	183.52	204.68	341.43	–	–	–
Ireland (16)	331.09	–0.4	302.38	263.94	294.76	301.38	0.1	3.16	332.37	301.03	265.12	295.68	301.13	343.35	270.08	274.49
Italy (59)	87.79	0.3	80.18	69.99	78.16	111.68	0.2	2.15	87.51	79.25	69.80	77.85	111.41	96.32	73.28	82.98
Japan (485)	115.53	1.2	105.51	92.10	102.85	92.10	1.1	0.85	114.17	103.40	91.07	101.57	91.07	164.88	107.57	160.47
Malaysia (107)	547.75	–0.6	500.24	436.66	487.63	526.86	–0.6	1.21	550.90	498.95	439.43	490.10	530.00	680.85	512.47	576.42
Mexico (27)	1379.27	0.2	1259.64	1099.53	1227.89	11877.14	0.3	1.16	1376.44	1246.66	1097.93	1224.52	11840.01	1445.68	1110.35	1282.01
Netherland (19)	351.54	1.1	321.05	280.24	312.96	309.05	1.2	2.53	347.82	315.02	277.44	309.43	305.49	357.18	279.68	289.47
New Zealand (14)	85.23	0.1	77.84	67.95	75.88	65.28	0.2	4.35	85.16	77.13	67.93	75.76	65.13	95.80	75.94	81.66
Norway (41)	301.14	0.4	275.02	240.06	268.09	287.92	–0.2	2.12	300.00	271.71	239.30	266.89	288.51	321.23	243.72	249.51
Philippines (22)	177.20	2.1	161.83	141.26	157.76	232.83	2.0	0.77	173.62	157.25	138.49	154.46	228.15	–	–	–
Singapore (43)	379.90	–0.3	346.95	302.85	338.21	252.89	–0.3	1.12	381.15	345.21	304.03	339.08	253.54	448.01	371.28	433.92
South Africa (44)	358.04	0.1	326.99	285.43	318.75	347.92	0.1	2.42	357.64	323.91	285.27	318.16	347.68	379.47	301.49	379.47
Spain (35)	227.49	1.5	207.76	181.36	202.52	248.90	1.3	2.63	224.21	203.07	178.84	199.46	245.64	228.16	171.91	177.86
Sweden (48)	417.14	0.4	380.96	332.54	371.36	471.30	–0.1	2.21	415.58	376.39	331.49	369.71	471.88	448.64	334.35	347.55
Switzerland (36)	264.92	0.2	241.95	211.19	235.85	240.01	0.6	1.36	264.48	239.52	210.95	235.27	238.64	264.92	229.36	243.84
Thailand (43)	81.61	–0.5	74.53	65.06	72.65	82.54	–0.5	3.78	81.98	74.25	65.39	72.93	82.93	184.18	73.96	176.75
United Kingdom (211)	283.37	0.1	258.80	225.90	252.27	258.80	0.9	3.79	283.22	256.51	225.91	251.96	256.51	286.30	228.85	236.62
USA (653)	313.23	–0.1	286.06	249.70	278.86	313.23	–0.1	1.93	313.42	283.87	250.00	278.83	313.42	331.64	254.79	265.80
Americas (824)	286.69	0.0	261.83	228.55	255.23	241.49	0.0	1.92	286.74	259.70	228.72	255.09	241.55	303.45	233.09	242.94
Europe (726)	245.51	0.5	224.21	195.71	218.56	228.05	0.8	2.76	244.29	221.26	194.86	217.33	226.17	248.97	204.71	210.80
Nordic (150)	363.56	0.6	332.03	289.83	323.66	356.12	0.1	2.03	361.58	327.48	288.41	321.67	355.64	385.85	291.45	297.02
Pacific Basin (863)	134.52	1.0	122.85	107.23	119.75	106.52	1.0	1.37	133.16	120.61	106.22	118.47	104.49	177.01	127.18	173.30
Euro-Pacific (1609)	180.79	0.7	165.11	144.12	160.95	151.79	0.9	2.15	179.49	162.57	143.17	159.68	150.44	191.51	173.56	188.82
North America (767)	305.45	0.0	278.96	243.50	271.93	304.96	0.0	1.94	305.56	276.75	243.74	271.84	305.09	323.69	248.86	259.35
Europe Ex. UK (515)	219.80	0.8	200.74	175.22	195.66	206.43	0.8	2.17	218.16	197.59	174.02	194.08	204.81	224.70	185.65	192.17
Pacific Ex. Japan (398)	294.58	0.5	269.03	234.84	262.25	256.36	0.6	2.87	293.03	265.40	233.74	260.69	254.98	320.65	268.97	293.45
World Ex. US (1824)	184.14	0.7	168.17	146.80	163.93	157.63	0.9	2.14	182.86	165.61	145.85	162.67	156.28	193.47	176.94	190.01
World Ex. UK (2266)	219.63	0.4	200.58	175.09	195.53	196.51	0.4	1.84	218.79	198.16	174.52	194.64	195.77	228.59	199.58	210.89
World Ex. Japan (1992)	281.08	0.2	256.70	224.07	250.23	271.84	0.3	2.27	280.54	254.09	223.78	249.58	271.02	292.72	233.10	242.65
The World Index (2477)	225.05	0.3	205.53	179.40	200.35	202.15	0.4	2.04	224.26	203.12	178.89	199.51	201.28	233.38	202.32	213.12

Latest prices were unavailable for this edition.

4 pm close April 24

NYSE PRICES

Continued from previous page

1997 High	Low	Stock	Div.	Yld %	P/E	Sls 100s	High	Low	Close	Chng
27⅞	25	Zenith Nat	1.00	4.0	11	86	25⅞	d25	25¾	+⅛
7½	7¼	Zenix Inc x	0.73	10.1		205	7¼	d7⅛	7¼	
23¾	17¾	Zero	0.12	0.6	14	41	18⅝	18⅜	18⅝	+⅛
11½	10¾	ZweigFd§ x	1.16	10.4		215	11¼	11⅛	11⅛	
8⅝	8	Zweig Totl x	0.84	9.7		437	d8⅝	8½	8⅝	+⅛

Price data supplied by Exxel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended.

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AMEX PRICES

4 pm close April 24

NASDAQ NATIONAL MARKET

4 pm close April 24

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	109	256	12½	11½	12	+¾
Kaman Cp	0.44	22	75	12½	12¼	12¼	
Kelly Sv	0.84	12	674	24½	23¾	23¾	-¼
Kimball	1.04	13	92	36	d35½	36	+¾
KLA Instr		22	13924	45⅛	43¼	43⅞	-1⁄16
Knll A			90	½	d⅛	⅛	
Komag§		17	8447	28½	27	27¼	
Kulicke S			17488	28¼	27⅛	28	+1⅛

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Quintiles		17	110205	54⅝	50¾	51¾	-2¼
Rainbow§		11	553	15¼	14¾	15	-⅛
Rallys			132	3¼	2¹³⁄₁₆	3¼	+⅛
Raymond	0.25	14	398	29⅝	29	29¼	+¼
RCSB Fin x	0.60	10	156	29⅞	29⅝	29¾	
Read-Rite			82053	32½	27	27⅝	-3½

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx§		30	32797	52	49⅛	51¼	+1⅛
Xircom		13	30388	9¼	d7½	9⅛	
Xoma Corp			30448	3⅝	d3⅛	3¹³⁄₁₆	-1⅝
Yellow			6158	u21⅝	20⅝	20⅝	+⅛
York Rsch		14	1060	7	d6⅛	7	+⅛
ZionsUtah x	1.76	16	93	115¾	114¼	115¼	+1

EASDAQ

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$7.5		0	8.25	7.5	Espirit Telecom ADS	US$9.875	-0.625	250	12.25	9.75
Artwork Systems	US$10.375		13800	11	9.5	Innogenetics	US$11.875		41620	12.75	10.375
Chemunex	FFr16		0	18	16	Mercer Internatl.	US$8.625		1000	11.75	8.625
Dr Solomon's ADS	US$24.375	-0.125	0	26.5	16.875	PixTech	US$4.25		0	6.125	4.25

Prices for 24/4/97. Please note that mid prices are now used to calculate highs and lows

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